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CHINA'S INFLUENCE AND THE CENTER-PERIPHERY TUG OF WAR IN HONG KONG, TAIWAN AND INDO-PACIFIC

Edited by
Brian C.H. Fong, Wu Jieh-min and
Andrew J. Nathan

China's Influence and the Center-periphery Tug of War in Hong Kong, Taiwan and Indo-Pacific

Bringing together a team of cutting-edge researchers based in Hong Kong, Taiwan and selected countries, this book focuses on the tug of war between China's influence and forces of resistance in its surrounding jurisdictions.

China's influence has met growing defiance from citizens in Hong Kong and Taiwan who fear the extinction of their valued local identities. However, the book shows that resistance to China's influence is a global phenomenon, varying in motivation and intensity from region to region and country to country depending on the forms of China's influence and the balances of forces in each society. The book also advances a concentric center-periphery framework for comparing different forms of extra-jurisdictional Chinese influence mechanisms, ranging from economic, military and diplomatic influences to united front operations.

This book will be of key interest to scholars and students of comparative politics, international relations, geopolitics, Chinese politics, Hong Kong-China relations, Taiwan and Asian politics.

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Disclaimer

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Preface

Brian C.H. Fong, Wu Jieh-min
and Andrew J. Nathan

Power produces resistance. This is nowhere more evident than in Hong Kong and Taiwan, where growing China's influence has met growing defiance from citizens who fear the extinction of their valued local identities. This book focuses on the tug of war between China's influence and forces of resistance in Hong Kong, Taiwan and Indo-Pacific states.

Resistance to China's influence is also a global phenomenon, varying in motivation and intensity from region to region and country to country depending on the forms of China's influence and the balances of forces in each society. This volume places Hong Kong, Taiwan and Indo-Pacific states in comparative perspective in order to find out what makes these cases typical and what makes them special.

The book is organized into six parts.

The introduction provides two chapters setting out the theoretical frameworks for the whole book, namely a concentric center-periphery framework for studying China's influence and a geoeconomic framework for conceptualizing the *modus operandi* of Chinese influence mechanisms.

Part I of the book offers comparative perspectives for interpreting China's expanding influence, ranging from comparative history, nationalism and imperialism angles, which set the scene for the subsequent case studies.

Parts II and III of the book feature a set of case studies of China's influence in different arenas of Hong Kong and Taiwan, the two forefronts of China's expanding influence. The chapters cover elections, economy, media, entertainment and religion, providing an in-depth picture of the *center-periphery tug of war* at the forefronts of China's expanding influence.

Part IV of the book extends the focus to the extended fronts of China's expanding influence, including the surrounding Southeast Asian states, the South Asian states, the Central Asian states, Australia and New Zealand.

The Conclusion and Epilogue sum up the volume by discussing the implications of China's influence on the grand geopolitical chessboard.

China's influence has spread rapidly in recent years. Wherever it has operated, some forces welcome it and some resist it. We are only at the beginning of a long process that will eventually set the boundaries to that influence. Future scholars will assess how the tug of war comes out. This book seeks to draw attention to the process and to lay a foundation for scholars who will analyse its future stages.

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Introduction

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1 Re-thinking China's influence across surrounding jurisdictions

A concentric center-periphery framework

Brian C.H. Fong

In 2000, when arguing for supporting China's accession to the World Trade Organization (WTO), the United States President Bill Clinton imagined a scenario of "Democratic China" in this way:

> Now of course, bringing China into the W.T.O. doesn't guarantee that it will choose political reform. But accelerating the progress -- the process of economic change will force China to confront that choice sooner, and it will make the imperative for the right choice stronger.[1]

Bill Clinton's 2000 speech best captured the international community's aspiration for 'Democratic China', an aspiration that many people have shared for over four decades since China's 'reform and opening' in 1978. In these four decades, China underwent dramatic economic transformation, with its gross domestic product (GDP) increased on average by ten per cent a year and 850 million Chinese lifted out of poverty.[2]

However, political reform does not come hand-in-hand with economic transformation as predicted by Bill Clinton and many China watchers. What the international community is witnessing now is the rejuvenation of the Chinese Communist Party-state (CCP-state) through an unprecedented model of 'authoritarian capitalism' (Bloom, 2016). In recent years, 'we got China wrong' has become a popular international news headline.[3]

Instead of moving toward the 'Democratic China' scenario, the CCP-state is now exporting influence to its surrounding jurisdictions in Hong Kong, Taiwan and beyond with a similar set of *Chinese influence mechanisms*; correspondingly, in such surrounding jurisdictions there is a similar rise of *counter-Chinese influence mobilization* and *great-power competition*. When a 'center-periphery tug of war' is moving quickly to the stage of world politics, how can we study such a phenomenon in a wider geopolitical context?

This chapter is a preliminary comparative analysis of China's influence in Hong Kong, Taiwan and Indo-Pacific states. It aims to advance a concentric center-periphery framework for comparing the geopolitical pattern arising from China's expanding influence, helping to form a theoretical basis for conducting further comparative investigations of China's influence across different continents.

1.1 Why compare China's influence: going beyond the existing literature

Orthodox international relations studies state that 'power' means tangible and intangible resources controlled by a state, while 'influence' refers to the way in which a state mobilizes its power resources for the purpose of changing the policies and actions of other actors (Goldstein and Pevehouse, 2006: 57-61; Toje, 2008: 12–15). In recent years, China has established stronger and stronger power resources, but such power resources will not be automatically translated into real influence (Goh, 2016). This gives rise to an important research question—*how to compare the processes through which China translate its power resources into actual influence across its surrounding jurisdictions*.

A survey of the scholarly field reveals that attempts have been made by scholars to study China's influence, with several syntactically different but conceptually similar terms coined to conceptualize the phenomenon.

Such concepts include: Goh (2016)'s *Rising China's Influence* which examined how China has made use of its growing economic power resources to influence its neighbouring states in Asia, such as Vietnam, the Philippines and Sri Lanka; Wu (2016)'s *China Factor* classified Chinese influence mechanisms into direct mechanisms (direct actions by the CCP-state) and indirect mechanisms (indirect actions by CCP-state through the co-opted 'local collaborators'); Schubert (2015)'s *China Impact* examined how China is shaping the politics and society of Taiwan in different arenas ranging from elections and migration to foreign politics and security; Li (2017)'s *China's Economic Statecraft* conceptualized the systematic efforts of the CCP-state to exercise its economic power resources in international politics; Cardenal et al. (2017)'s *Sharp Power* examined the attempts of China (and Russia) to wield influence in foreign media, academia and policy communities; Brady (2017)'s *Magic Weapons* and Hamilton (2018)'s *Silent Invasion* summarized China's united front activities in New Zealand and Australia respectively.

Amongst these early attempts of studying China's influence, two major research issues have not been fully addressed.

First, how can we compare China's influence across its surrounding jurisdictions? Existing literature either situates the analysis within only one territory (e.g., Wu's *China Factor* focused on Taiwan with limited applications to Hong Kong, Schubert's *China Impact* concentrated on Taiwan, Brady's *Magic Weapons* looked to New Zealand, and Hamilton's *Silent Invasion* concerned with Australia) or within a narrow group of territories (e.g., Goh's *Rising China's Influence* looked upon small developing Asian states such as the Philippines and Sri Lanka). Given that China's influence has become a wider geopolitical issue, this fragmented approach may get us 'lost in the trees without seeing the forest'. Developing an integrated theoretical framework for comparing China's influence across its surrounding jurisdictions, ranging from Hong Kong and Taiwan to Indo-Pacific states, is imperative.

Second, how can we operationalize the modus operandi *of different forms of Chinese influence mechanisms?* To compare China's influence, we must

examine the processes through which China translates its power resources into actual influence in its surrounding jurisdictions. Thus, comparing China's influence requires us to empirically examine the *modus operandi* of Chinese influence mechanisms. But the existing literature has either failed to offer a rigorous conceptual framework for operationalizing how the CCP-state exerts its influence (e.g., Schubert's concept of *China Impact* has not been precisely defined throughout his volume) or has overly concentrated on certain dimensions of Chinese influence mechanisms (e.g., Goh's *Rising China's Influence* and Li's *China's Economic Statecraft* both focused on the CCP-state's economic influence; Brady's *Magic Weapons* and Hamilton's *Silent Invasion* both focused on the CCP-state's united front operations). Developing an integrated theoretical framework for broadly operationalizing different forms of Chinese influence mechanisms is imperative.

1.2 How to compare China's influence: developing a concentric center-periphery framework

1.2.1 Jurisdiction as a unit of analysis

I follow the 'imperialist center-periphery theories' in conceptualizing China as a 'center' and its surrounding jurisdictions from Hong Kong and Taiwan to Indo-Pacific states as 'peripheries'; and employ such concepts as the basic units of analysis of my integrated theoretical framework.

In political science literature, imperialist center-periphery theories adopt 'empire-competition' as the basic focus of analysis. The theories focus on not just formal, constitutional-legal relations but also actual power relations between the 'center' and the 'periphery' (Norkus, 2018: 141–161). In this connection, Galtung (1971) provided a classical structural theory of center-periphery relations, interpreting empires as 'a combination of intra- and inter-national relations' transcending the local to the international levels; he also theorized the five types of imperialist controls by a center over its peripheries as economic, political, military, communication and cultural mechanisms. Following Galtung, Motyl (2001 :4) conceptualizes an empire as a 'hierarchically organised political system with a hub-like structure', where a center dominates many peripheries.

Based on these imperialist center-periphery theories, I conceptualize modern China, the CCP-state, as a 'center' in East Asia, functioning as a geographical core of gravity similar to the roles of Russia in Eastern Europe and Northern Asia, France-Germany in Western Europe, India in South Asia and the United States in the Americas (Su and Cui, 2016).

As the center in East Asia, the CCP-state is confronting its direct jurisdiction in the Mainland China and surrounding jurisdictions. The direct jurisdiction covers twenty-three provinces and the five autonomous regions of the Inner Mongolia, Xinjiang, Tibet, Ningxia and Guangxi in the Mainland China all coming under the direct jurisdiction of the CCP-state's centralized *nomenklatura* system (Sharma, 2009: 24; Zheng, 2010: 103–105).

Outside the direct jurisdiction of the CCP *nomenklatura* system are three concentric rings of 'peripheries', including Hong Kong (and Macao), Taiwan and Indo-Pacific states. Obviously, the sovereign statuses of these three rings of peripheral jurisdictions are different, Hong Kong (and Macao) is a 'peripheral autonomy',[4] Taiwan is a 'peripheral contested state',[5] and other Indo-Pacific states are typical 'peripheral sovereign states'.[6] From the perspective of 'most different systems design' in comparative politics studies, Hong Kong, Taiwan, and the Indo-Pacific states differ not just with respect to their sovereign statuses, their political, economic, social and cultural systems are also quite different; Yet, they share a similar political outcome of being embroiled in a similar rise of counter-Chinese influence mobilization and great-power competition in recent years, which could be explained by China's export of its extra-jurisdictional influence—the dynamics of which are the focus of this book.

1.2.2 The concentric center-periphery framework

In this section, I will advance an integrated theoretical framework, namely the *concentric center-periphery framework* by way of systematically re-articulating the available theories, research and evidence.

Premise #1: Direct and indirect influence mechanisms of the CCP-state over surrounding jurisdictions

The first premise of the concentric center-periphery framework is that China as a center in East Asia is exporting its extra-jurisdictional influences to its surrounding peripheries through a similar set of direct and indirect influence mechanisms, though varying in motivation and intensity.[7]

Conceptually speaking, because the three rings of peripheries all fall outside the direct jurisdiction of the *nomenklatura* system, the CCP-state is required to advance its agenda by 'exporting' its influence. For this purpose, I conceptualize the CCP-state's export of influence as direct and indirect influence mechanisms.[8] Direct influence mechanisms refer to those extra-jurisdictional incentive and disincentive (carrot and stick) directly advanced by the CCP-state apparatuses over the peripheries by virtue of its economic, military, diplomatic and legal power resources, while indirect influence mechanisms refer to the CCP-state's co-optation and mobilization of its collaborator networks across different sectors of the peripheries through 'extra-jurisdictional united front work'. The distinction between direct and indirect influence mechanisms is based upon an influencer-oriented research approach, which allows us to investigate how the CCP-state has converted its power resources into actual influence in the peripheries.

China's first kind of influence is exerted through direct influence mechanisms. It is an exogenously-driven process performed by the CCP-state apparatuses frontstage, directly converting its economic, military, diplomatic and legal power resources into extra-jurisdictional incentive or disincentive upon the peripheries. The CCP-state apparatuses include its party and state organs, including but

not limited to the PRC State Council ministries, the People's Liberation Army (PLA), the National People's Congress (NPC), its Standing Committee (NPCSC) and local people's congresses, the Chinese People's Political Consultative Conference (CPPCC)'s national and regional committees and state-owned enterprises.

Economic incentive or disincentive is the principal direct influence mechanism of the CCP-state. It usually includes manipulating access to China's vast market, making substantial investment projects through Chinese enterprises, providing economic aid, imposing economic punishments against governments and enterprises with which China is dissatisfied. China's agenda to rebuild the Land and Sea Silk Roads in the 21st century in the name of 'Belt and Road Initiative' (BRI) is a major vehicle for the exercise of its direct economic influence across the peripheries.

In the context of Hong Kong (peripheral autonomy), a typical example was the signing of the Closer Economic Partnership Arrangement (CEPA) and the subsequent supplements between the PRC State Council Ministry of Commerce and the HKSAR government since 2003, which offer Hong Kong business and professional elites preferential access to China's market and thus effectively bonds them tightly to China's economic orbit (Fong, 2017).

In the context of Taiwan (peripheral contested state), a typical example was the PRC State Council Taiwan Affairs Office's announcement in 2018 of a package of 31 'equal economic treatments' to Taiwanese doing business, working and studying in the Mainland, such as giving Taiwanese business owners the same tax rebates on high-tech investments, allowing Taiwanese banks to set up village/town banks, relaxing restrictions on the cross-strait entertainment co-production, abolishing import quotas for Taiwanese films and television programmes and providing 'equal treatment' to Taiwanese students in the Mainland. By blurring the differences between Taiwanese and Mainland Chinese citizenships, such measures aim at bonding the Taiwanese more tightly to China's economic orbit (Jennings, 2018).

Countries such as Sri Lanka and Korea (peripheral sovereign states), for example, have experienced two very different types of China's direct economic influence. As part of its BRI agenda, China provides economic inducements to Sri Lanka by way of massive investments, totalling to USD15 billion from 2005 to 2017 according to the China Global Investment Tracker. The economic debts incurred have provided China with important economic leverage over Sri Lanka, finally resulting in the lease of Hambantota Port for 99 years to the CCP-controlled China Merchants Port Holdings (Tarabay, 2018). On the other hand, Korea faced economic deterrents from China which decided to 'punish' Seoul for deploying the US-built Thaad missile shield. In March 2017, the PRC State Council National Tourism Administration ordered travel agencies in Beijing to ban all group tours to South Korea (Harris et al., 2017).

Military incentive or disincentive is another direct influence mechanism of the CCP-state, which often involves the provision of weapons, ammunition and ordnance supplies or the demonstration of the military might of the PLA.

In the context of Hong Kong (peripheral autonomy), a typical example was the PLA Hong Kong garrison, which has been largely keeping a low profile since the handover, carrying out a high-profile air-and-sea drill across Victoria Harbour in January 2014 to send its warning to the emerging Occupy Central Movement (Lam and Chan, 2014). Military deterrence was used again by the CCP-state to caution protesters in the 2019-20 Anti-Extradition Bill Movement by way of publishing a video about cracking down on protesters (Chan, 2019).

In the context of Taiwan (peripheral contested state), a typical example was that, when the pro-independence Democratic Progressive Party (DPP) politician Tsai Ing-wen's first took office as Taiwan president in 2016, the PLA conducted more than 20 military drills in the Taiwan Strait that year, trying to pressure Tsai to accept that both the Mainland and Taiwan are part of 'one China'—the '1992 Consensus' (Hong Kong Free Press, 2016).

Bangladesh (peripheral sovereign state), for example, has in recent years become heavily militarily dependent on China as its largest supplier for tanks, missile launchers, fighter aircraft, submarines, weapon systems and even military training. The result of such a dependent relationship is that China has established significant leverage over Bangladesh's politically powerful military class (Bhandari, 2018).

Diplomatic incentive or disincentive is an important direct influence mechanism of the CCP-state, that involves taking coercive diplomatic actions like exercising China's diplomatic leverage in international and regional organizations and issuing diplomatic warnings.

In the context of Hong Kong (peripheral autonomy), a good example was the warning provided in a letter by the Chinese State Council Foreign Ministry Commissioner's Office in Hong Kong in September 2014 to all foreign consulates in the territory. This warning letter explicitly stated that 'radical groups in Hong Kong are staging illegal activities of assembly' and requested the foreign consulates to 'stay away from the sites of assembly and Occupy Central' (Griffiths, 2014).

In the context of Taiwan (peripheral contested state), a typical example was the PRC State Council Foreign Affairs Ministry's attempts to force the Tsai Ing-wen administration to accept the '1992 Consensus' by chipping away at Taiwan's diplomatic allies (e.g., inducing Panama, Sao Tome and Principe to switch their official recognition from Taipei to Beijing) and blocking it from participating in international events (e.g., the 2016 International Civil Aviation Organization meeting, the 2017 World Health Assembly meeting and the 2017 International Labor Conference) (Denmark, 2018).

Singapore (peripheral sovereign state), for example, faced diplomatic deterrence from the PRC State Council Foreign Affairs Ministry due to its decade-long military training cooperation with Taiwan, called Project Starlight since 1975. In December 2016, nine armoured vehicles were detained by Hong Kong customs *en route* to Singapore from Taiwan, and then, a high-profile diplomatic protest was lodged by the PRC State Council Foreign Ministry to Singapore warning it to 'stick to the one China principle' and terminate its military ties with Taiwan (Chan, 2017).

Legal incentive or disincentive is the final powerful, though numerically infrequent, direct influence mechanism of the CCP-state. Legal inducements or deterrents involve the exercise of legislative powers by the NPC/NPCSC or the judicial powers of the PRC courts. While the *nomenklatura* system of the CCP-state does not directly operate in the three concentric rings of peripheries, China, on certain occasions, can still exercise some form of legal incentive or disincentive. The frequency and effectiveness of such an influence mechanism, however, has been qualified by the different sovereign statuses of the peripheries.

In the context of Hong Kong (peripheral autonomy), since the handover of sovereignty in 1997, legal inducement or deterrence has been occasionally enforced by way of the 'NPCSC interpretation of the Basic Law' under the OCTS model.[9] A typical example was the NPCSC's interpretation of Basic Law Article 104 in 2016. On 12 October 2016, two pro-independence Legislative Councillors-elect, Yau Wai-ching and Leung Chung-hang, took their oath by referring to China as 'Chee-na' and displaying a 'Hong Kong is not China' flag. On 18 October 2016, the HKSAR government took the unusual step of filing for judicial review, trying to prevent Yau and Leung from re-taking the oath. On 7 November 2016, the NPCSC handed down its interpretation of Article 104 of the Basic Law specifying that the oath taker will be disqualified from assuming public office if he or she 'takes the oath in a manner which is not sincere or not solemn'. Because the NPCSC's interpretation was made before the HKSAR court ruled on the oath-taking case, it amounted to a legal caution to local judges. On 15 November 2016, the High Court sided with the NPCSC and ruled that Yau and Leung should be disqualified (Ng, 2016).

In the context of Taiwan (peripheral contested state), legal inducement or deterrence is obviously less straightforward than in the case of Hong Kong (peripheral autonomy) given its 'de facto statehood'. However, Taiwan is not immune from this form of influence mechanism due to Beijing's enhanced efforts to extend its legal jurisdiction across the strait. Illustrative examples include the NPC's passage of the Anti-Secession Law and the PRC courts' sentencing of Taiwanese people. The Anti-Secession Law was passed by the NPC in March 2005, which established into law China's long-standing claim to initiate military actions if Taiwan moved towards establishing formal independence, effectively restricting Taiwan from securing 'de jure statehood' through legal means (Radio Free Europe/Radio Liberty, 2005). Apart from this, since April 2016, a total of 288 Taiwanese suspected of committing crimes overseas have been deported from countries such as Malaysia, Cambodia, Vietnam and Indonesia to PRC courts but not Taiwanese courts for trial, demonstrating China's attempt to impose its legal jurisdiction over Taiwan (Lin, 2017).

In the context of Indo-Pacific states (peripheral sovereign states), on most occasions, China cannot enforce legal incentive or disincentive because of their unquestionable sovereignties. However, exceptional examples can still be found. In the territorial disputes of the South China Sea, Southeast Asian states including Vietnam, Malaysia, the Philippines and Indonesia, encountered legal caution from China when the NPCSC passed the 1992 Law on the Territorial Sea and

the Contiguous Zone and the 1998 Law on the Exclusive Economic Zone and the Continental Shelf, effectively 'legalizing' Chinese sovereign claims in the South China Sea and deeming the activities of Southeast Asian countries there illegal (Zou and Liu, 2015). The enactment of this law provided China with a domestic legal cover for justifying its military presence in the South China Sea, paving the way for the further expansion of its presence in contested areas such as Mischief Reef in 1995 and large-scale land reclamations from mid-2013 onwards (Gupta, 2017).

China's second kind of influence is exerted through indirect influence mechanisms. It is an endogenously-driven process wherein the CCP-state apparatuses operate backstage, indirectly exerting extra-jurisdictional influence on the peripheries through CCP collaborators on the front stage. The CCP collaborators are defined as those influencers who are co-opted and mobilized by the CCP-state through different official and semi-official united front platforms such as the CPPCCs and high-level dialogue platforms. Such CCP collaborators may include co-opted Chinese diaspora representatives, who are residing in the surrounding jurisdictions, and co-opted local power elites who are influential in various sectors.

In the context of Hong Kong (peripheral autonomy), the CCP has a long history of conducting extra-jurisdictional united front operations tracing back to the pre-war era (Loh, 2010). In recent years, the CCP has expanded its collaborator networks in the territory as part of its efforts to strengthen its centralized control under the OCTS model. The Chinese government's representative office in Hong Kong, namely, the Liaison Office of the Central People's Government (LOCPG), is where the CCP Hong Kong Branch is located and is the *de facto* command center of the CCP collaborator network (Loh, 2010). Empirical research shows that the network of pro-China organizations has been developed into an organized machinery covering a total of 621 groups of different natures, which all fall under the purview of the LOCPG (Fong, 2017). Further, powerful local elites, including party politicians and business tycoons, have been concurrently co-opted into the CCP's formal apparatuses as Hong Kong delegates to the NPC and CPPCCs at various levels (Fong, 2014). From time to time, such a CCP collaborator network will be rolled out to canvass for pro-China candidates in the elections of Chief Executive, Legislative Council and District Councils, and to mobilize support for the Chinese government and HKSAR government in times of political confrontations (Loh, 2010: 209).

In the context of Taiwan (peripheral contested state), in recent years, the CCP-state has been actively co-opting cross-strait Taiwanese capitalists and Kuomintang (KMT) politicians as its major collaborators on the island. The former refers to Taiwanese capitalists running businesses across the strait, such as the Chair of Want Want Holdings Tsai Eng-meng and the Wei family of Ting Hsin International Group; while the latter refers to those pro-China KMT politicians, such as Lien Chan (KMT Chair, 2000–2005), Siew Wan-chang (Taiwan Vice-president, 2008–2012) and Chiang Pin-kung (KMT Vice Chair, 2000–2012), who are the power brokers fostering the formation of cross-strait united front platforms

such as the Cross-Strait Economic, Trade and Culture Forum (CSETCF), Cross-Strait CEO Summit (CSCS), Cross-Strait Peace Forum (CSPF), Association of Taiwan Investment Enterprises on the Mainland (ATIEM) and its subsidiary Taiwanese Business Associations (TBAs) across China (Wu, 2016).[10] In recent years, such CCP collaborator networks have been rolled out to influence elections in Taiwan. An illustrative example was Taiwan's 2012 presidential election, when *Taishang* and their employees were organized by ATIEM and its TBAs to return home to vote (Tāng, 2012) and dozens of *Taishang* pledged their support to Ma Ying-jeou.[11]

In the context of the Indo-Pacific states (peripheral sovereign state), Australia provides an illustrative case. In this regard, existing literature indicated that overseas Chinese populations across the globe have provided fertile ground for the CCP-state to conduct united front operations in peripheral sovereign states like Australia in the name of '*Qiaowu*' (To, 2014). Such a network covers several umbrella united front organizations, including the Australian Council for the Promotion of Peaceful Reunification of China (ACPPRC),[12] the Federation of Chinese Scholars in Australia (FOCSA),[13] and the network of Chinese Students and Scholars Associations (CSSAs)[14] (Hamilton and Joske, 2017). On many occasions, these pro-China united front platforms have been rolled out in support of the CCP agenda, such as cautioning Australian Prime Minister Malcolm Turnbull to speak and act carefully with regard to the issue of the South China Sea on his first official visit to China in April 2016 (Wen, 2016) and the mobilization of Australian Chinese community groups by the ACPPRC to welcome Chinese Premier Li Keqiang and to stop Falun Gong from protesting during his visit to Sydney in April 2017 (Munro, 2017). There has also been evidence claiming that the ACPPRC is actively influencing Australian politicians by way of donating more than AUD5.5 million to the Liberal Party and Labour Party between 2013 and 2015 and grooming Chinese Australian politicians in local elections (Uhlmann and Greene, 2017).

Premise #2: Counter-Chinese influence mobilization in surrounding jurisdictions

The second premise of the concentric center-periphery framework is that China's export of extra-jurisdictional influence is inducing a similar rise of counter-Chinese influence mobilization across the surrounding peripheries.

When China is exporting a similar set of direct and indirect influence on its three concentric rings of peripheral jurisdictions, the shadow of China's influence often creates a strong sense of anxiety among locals about the erosion of their autonomy or sovereignty. Such anxieties have, in turn, resulted in a similar rise of counter-Chinese influence mobilization in such surrounding peripheries, most notably in social movement and electoral arenas. In other words, civil society and democratic institutions have been employed by the locals as some form of defence mechanisms mobilizing against China's expanding influence, though their actual

effectiveness depends very much on the sovereign statuses and level of democratization of the peripheral jurisdictions.

In Hong Kong (peripheral autonomy), over the years, many counter-Chinese influence social movements have been organized in response to the growing shadow of China's influence. Illustrative examples include the 2012 Anti-Chinese National Education Movement (triggered by the HKSAR government's plan to adopt 'Moral and National Education' as an independent subject for primary and secondary schools), the 2014 Umbrella Movement (triggered by the NPCSC's decision, on 31 August 2014, to impose a restricted universal suffrage model) and the 2019-20 Anti-Extradition Bill Movement (triggered by the Extradition Bill that aims to remove the firewalls between China and Hong Kong's legal jurisdictions).[15] Apart from social movement mobilizations, the hybrid nature of Hong Kong's political regime (Fong, 2016), where half of the seats of the Legislative Council (Legco) and almost all of the seats of the District Councils (DC) are returned by popular elections, has provided certain room for counter-Chinese influence sentiments to spill over from the social movement arena into the electoral arena — as shown in the growing number of pro-democracy candidates adopting counter-Chinese influence positions in the 2012 Legco election (Ma, 2015), the emergence of localist candidates in the 2016 Legco election (Ma, 2017) and the landslide victory of the opposition camp in the 2019 DC election (Gunia, 2019). The effectiveness of such counter-Chinese influence mobilization in the electoral arena has been, clearly, limited by Hong Kong's status as a territorial autonomy under Chinese sovereignty and its hybrid political regimes. A typical example of such limitations was China's subsequent use of its direct legal influence under the Basic Law to disqualify six self-determinationist legislators elected in 2016.

In Taiwan (peripheral contested state), under the growing shadow of China, there are waves of counter-Chinese influence social movements. They include the 2012 Anti-media Monopoly Movement (triggered by the expansion of pro-China *Taishang* Tsai Eng-meng's media empire, the Want Want Group), the 2014 Sunflower Student Movement (triggered by the pro-China Ma Ying-jeou administration's plan to legislate the Cross-Strait Service Trade Agreement) and the 2015 Anti-Black Box Curriculum Movement (triggered by the pro-China Ma Ying-jeou administration's plan to adjust the high school history curriculum).[16] Similar to Hong Kong but obviously more effective due to its fully democratic regime, the counter-Chinese influence sentiments in Taiwan have been extensively spilled over from the social movement arena into the electoral arena. It was against this backdrop that the pro-independence DPP achieved landslide victories in the 2014 'nine-in-one' local elections, 2016 general election and 2020 general election.

In the context of the Indo-Pacific states (peripheral sovereign state), because of the growing shadow of China, it is also common to see that China's influence has become the target of social and electoral mobilizations. An illustrative case is Sri Lanka, where the issue of mounting Chinese debts has triggered counter-Chinese influence mobilization in both the social movement and electoral arenas. The 2015 Sri Lankan presidential election was a bitter fight between the incumbent

president Mahinda Rajapaksa and his cabinet colleague Maithripala Sirisena, with the latter strongly attacking the former for his pro-China policies. Running on a slogan of 'we don't want to be slaves again', Sirisena's campaign resonated with the growing anti-China sentiments in Sri Lanka, leading to his final victory (Chari, 2018). Ironically, the new Sirisena administration ultimately granted more projects and privileges to China, including its attempt to relieve the debt burden by leasing Hambantota to Chinese companies for 99 years, resulting in massive protests in Hambantota in January 2017 (Shepard, 2017). Similar counter-Chinese influence social and electoral mobilizations of different scales can also be found across Indo-Pacific states, such as Indonesia,[17] Malaysia,[18] Vietnam,[19] Laos,[20] Cambodia,[21] Bangladesh[22] and Australia.[23]

Premise #3: Great-power competition on the surrounding jurisdictions

The third premise of the concentric center-periphery framework is that China's export of extra-jurisdictional influence is inducing a similar rise of great-power competition across the surrounding peripheries.

In his classical geopolitical studies, O'Sullivan (1986: 60–62) examined the great-power competitions in 'overlapping range' by modelling how conflicts will ensue in areas when two geopolitical centers' potential spheres of influences overlap. The competitions between China and other geopolitical centers across the 'overlapping peripheries' in the Indo-Pacific region, are good illustrations of such classical theories.

To cite a few geopolitical trends in recent years: India, as the center in South Asia, stays alert to China's expanding influence in the region and tries to counter it by increasing its financial aid to Bhutan and Nepal for infrastructure projects (Times of India, 2018); Japan, another center in East Asia, competes with China to gain spheres of influence in Southeast Asia, with investments and financial aids to the ASEAN countries significantly increasing since Japanese Prime Minister Shinzo Abe took office in 2012 (Wan, 2018); Russia, despite the rhetoric of 'Sino-Russian strategic partnership', is mindful of China's expanding influence into its traditional sphere of influence in Central Asia and tries to resist BRI by advancing its own Eurasian Economic Union (Putz, 2017).

Most notably, Sino-American great-power competition is spreading across Hong Kong, Taiwan and Indo-Pacific states in the context of the "New Cold War" (Hufbauer, 2018). In response to China's expanding influence, the United States Congress has been active in consolidating American presence in both Hong Kong[24] and Taiwan[25] by introducing various pro-Hong Kong and pro-Taiwan legislations; while the Donald Trump administration is trying to forge close partnership with other geopolitical centers (Japan and India) and Indo-Pacific states (e.g., New Zealand and Australia) through the 'free and open Indo-Pacific strategy'.[26]

It is imperative to observe whether and how such great-power competition across the overlapping peripheries will be developed into broader geopolitical conflicts in the context of the New Cold War.

1.2.3 Summing up the center-periphery tug of war

In summary, the concentric center-periphery framework attempts to capture the geopolitical pattern arising from China's expanding influence, focusing on explaining how China's export of extra-jurisdictional influence has induced a similar rise of counter-Chinese influence mobilization and great-power competition in the surrounding peripheries. The whole framework is graphically represented in Figure 1.1.

1.3 Comparing China's influence: the future agenda

The concentric center-periphery framework provides a descriptive analytical framework, helping us to grasp the geopolitical pattern arising from China's influence in Hong Kong, Taiwan and Indo-Pacific states. However, it is only a partial attempt to compare China's influence across its surrounding jurisdictions and in-depth investigations are needed to mature the framework.

Can we extend the concentric center-periphery framework, which is now principally focusing on the tug of war between China and its surrounding jurisdictions in the Indo-Pacific region to those geographically more remote regions such as Africa and Latin America? Whether and how does China's influence vary in nature and intensity according to geographical distances?

How can we quantitatively measure and compare the various forms of China's direct and indirect influence across surrounding jurisdictions? Can we develop a global, comparative database that comprehensively measures, traces and visualizes the different influence mechanisms of China worldwide?

Are Chinese influence mechanisms similar to or different from those adopted by other geopolitical centers, such as its authoritarian partner Russia and democratic contenders the United States, Japan and India? How can we conceptualize the influence mechanisms of different geopolitical centers and compare them? Are the influence mechanisms adopted by different geopolitical centers related to the nature of their own political systems, and if so, to what extent is that the case?

What are the factors that shape the intensity, configuration and effectiveness of counter-Chinese influence mobilization in peripheries? Are factors such as the peripheries' levels of democratization and civil society development relevant, and if so, to what extent is that the case?

What are the factors that shape the responses of different geopolitical centers when encountering China's expanding influence into their traditional spheres of influence? How do different geopolitical centers interact with each other when responding to the common challenges of China's influence?

We are only at the beginning of a long process of studying China's influence. By putting China's influence within a broader, cross-jurisdictional framework, comparative political scientists have much to investigate.

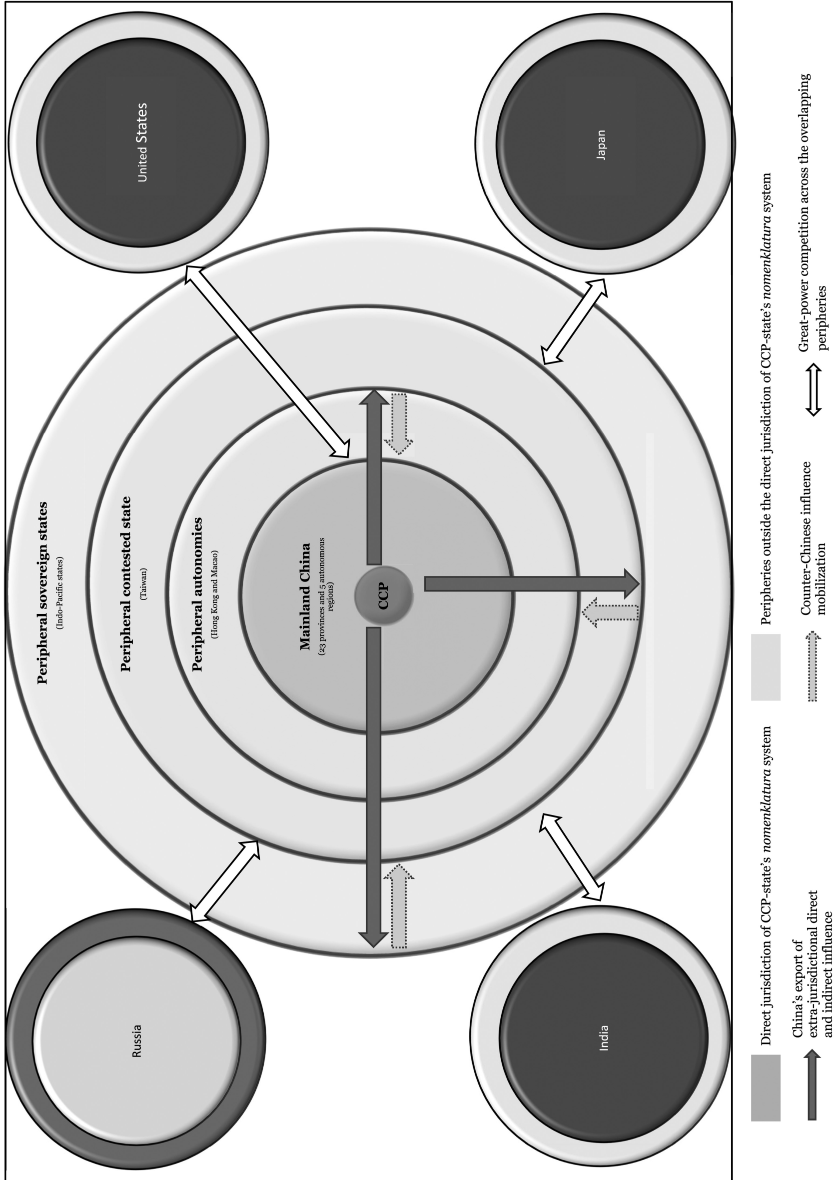

Figure 1.1 A concentric center-periphery framework of China's influence

Notes

1 Full text of the speech: https://partners.nytimes.com/library/world/asia/030900clinton-china-text.html.
2 See the website of the World Bank: https://www.worldbank.org/en/country/china/overview.
3 See, Kurt M. Campbell and Ely Ratner. 2018. 'How American Foreign Policy Got China Wrong'. February 13, 2018. Foreign Affairs: https://www.foreignaffairs.com/articles/united-states/2018-02-13/china-reckoning; Charles Lane. 2018. 'We got China wrong. Now what?'. February 28, 2018. The Washington Post: https://www.washingtonpost.com/opinions/we-got-china-wrong-now-what/2018/02/28/39e61c0e-1caa-11e8-ae5a-16e60e4605f3_story.html?utm_term=.7344bb73ee13; The Economist. 2018. 'How the West got China wrong'. March 1, 2018. The Economist: https://www.economist.com/news/leaders/21737517-it-bet-china-would-head-towards-democracy-and-market-economy-gamble-has-failed-how [Accessed: March 25, 2018].
4 The first ring of peripheries is Hong Kong (and Macao), conceptualized as 'peripheral autonomies'. Under the One Country Two Systems (OCTS) model, although Hong Kong reverted to Chinese sovereignty after the end of British colonial rule in 1997, it has been legally classified by PRC laws and practically functioned as China's 'outer jurisdiction' (*Jingwai Diqu*) together with Macao, Taiwan and other foreign countries. According to the Basic Law of the Hong Kong Special Administrative Region (HKSAR), the political and socio-economic systems of Hong Kong have been separated from the Mainland by maintaining its own executive authorities, legislature and judiciary composed of HKSAR permanent residents [Basic Law Articles 2 and 3], budgetary/taxation system [Basic Law Articles 106 to 108], monetary system [Basic Law Articles 110 to 113], customs territory, international legal status [Basic Law Articles 114 to 117], shipping and civil aviation system [Basic Law Articles 124 to 135] and education, science, culture, sports, labour and social services systems [Basic Law Articles 136 to 149], with 'immunity from the *nomenclatural* control' of the CCP-state (Yep, 2013). As China so far does not directly rule Hong Kong by sending CCP cadres, it resorts to some forms of indirect rule by grooming CCP collaborators within the HKSAR establishment (Fong, 2015: Chapter 4). At the time of writing, China unilaterally decided to introduce a national security law into Hong Kong through the NPC in May 2020. When and how such a law would be actually applied to Hong Kong remains to be seen, but the process of moving Hong Kong closer to the direct jurisdiction of the CCP-state has begun. For details of the national security law, see Time, 2020.
5 The second ring of peripheries is Taiwan, conceptualized as a 'peripheral contested state'. When KMT transplanted the ROC regime from Mainland China to Taiwan after its defeat in the Chinese civil war in 1949, it had already endowed Taiwan with 'a *de facto* sovereign status in functional if not strictly legal terms' (Chu and Lin, 2001). Similar to the cases of Abkhazia, South Ossetia, Transnistria, Nagorno-Karabakh, Northern Cyprus and Kosovo, Taiwan has been classified by comparative political scholars such as Geldenhuys (2009) as a 'contested state' failing to secure international recognition through the United Nations.
6 The third ring of peripheries refers to Indo-Pacific states, conceptualized as 'peripheral sovereign states'. Being a geographically extensive country, China shares long borders with surrounding sovereign states. Apart from those immediate peripheral sovereign states in Southeast Asia, South Asia and Central Asia, China has increasingly seen Oceania as part of its 'greater periphery', as reflected in the replacement of 'periphery diplomacy' (*Zhoubian Waijiao*) with the concept of 'greater periphery diplomacy' (*Da Zhoubian Waijiao*) within the Chinese diplomatic community (Palit, 2017, chapter 5).
7 China has different agendas for expanding its influence to the surrounding jurisdictions. In the case of Hong Kong, the outbreak of the 1 July 2003 protest triggered a subsequent change in China's policy towards Hong Kong, prompting China to embark

on assimilationist state-building nationalism to tighten its control over Hong Kong on political, economic and ideological fronts (Fong 2017); in the case of Taiwan, in recent years, factors such as the continued Taiwanization of Taiwanese young generations, the greater military presence of the United States in East Asia and the growing strength of China itself, have prompted China to accelerate the unification project by moving Taiwan into its political-economic orbit (Dean and Jon, 2014, Chapter 18); in the case of Indo-Pacific states, in recent years, China has attempted to establish a new geopolitical order with regard to its plan to eliminate the potential national security threat of the United States' presence in East Asia and fulfil its ambition of reviving its historical position as Asian strongest power (Roy, 2013).

8 The notions of direct and indirect influence mechanisms were drawn and expanded from Wu (2016). While Wu's original framework has focused on examining how China has utilized its economic resources to exert it influence by way of co-opting *Taishang* as CCP collaborators, I broaden the analytical focus from the economic to non-economic arenas.

9 China rarely exercises its power to interpret the provisions of the Basic Law probably because of the possibility that it could backfire in local Hong Kong society and the international community. So far, the NPCSC has interpreted the Basic Law on five occasions, see: https://www.basiclaw.gov.hk/tc/basiclawtext/index.html.

10 For CSETCF, see its official website: http://www.ceosummit.org.tw; For CSPF, Wu (2016); for ATIEM, see its official website: http://www.qgtql.com.

11 For the names of those Taiwanese business leaders, see Soong, 2012.

12 Founded in 2000, the ACPPRC functions as an umbrella organization of 81 Australian Chinese groups. Organizationally speaking, the ACPPRC belongs to a global network of some 150 similarly-named councils established and maintained by the China Council for the Promotion of Peaceful National Reunification (CCPPNR) in 89 countries around the world. As the coordinating body of this vast global network, the CCPPNR itself is subordinate to the CCCP United Front Work Department. For details, see Hamilton and Joske, 2017.

13 The FOCSA was founded in 2004 with the public endorsement and support of the Chinese Embassy. It promotes ties between Chinese-Australian scientists by offering appointments, research funding and free trips to China, and recruiting scientists for Chinese universities. FOCSA is an umbrella organization which covers 13 Chinese professional associations in Australia with a total membership of over 1,000. For details, see Hamilton and Joske, 2017.

14 Approximately 37 CSSAs have been established across Australian universities. Some CSSAs have stated on their websites that they were founded by the Chinese embassy or that they are operating under its guidance. The CSSAs are responsible for conducting patriotic education for Chinese students and organizing events such as the PRC national day celebrations and BRI forums. For details, see Hamilton and Joske, 2017.

15 For details, see Fong, 2017.

16 For details, see Wu, 2016; Kaeding, 2015a and 2015b.

17 In the 2017 Indonesian Jakarta gubernatorial election, due to rising concerns about the growing economic clout of China, Anies Baswedan ran on an anti-China platform and defeated the incumbent Jakarta Governor, ethnically Chinese Basuki Tjahaja Purnama (Danubrata and Suroyo, 2017). Similar electoral dynamics were repeated in the 2019 presidential elections, with the incumbent President Joko Widodo attacked by its contender Prabowo Subianto for cozying up to China (Tan, 2019).

18 In Malaysia, in the 2018 general election, Pakatan Harapan heavily criticized the Barisan Nasional government for its close ties with China and pledged to review and change those investment projects. The electoral rhetoric of Pakatan Harapan resonated with Malaysians, and after winning the election, the new Prime Minister, Mahathir Mohamad, honoured this pledge by canceling two mega projects in August 2018 (Yuan, 2018).

19 In 2017, the Vietnamese Government's plan to implement the Special Zone Act, which aimed to offer a 99-year lease of 'special economic zones' (SEZs) to foreign investors, triggered widespread concerns among Vietnamese about handing over lands to Chinese investors. It finally brought about nationwide anti-China protests in June 2018 (Fawthrop, 2018).

20 In Laos, in August 2016, Sibounheung villagers took to the streets protesting that their land was included in a 99-year concession for a Chinese company. The Laotian government responded by issuing warnings to Chinese companies about the 'excessive use of pesticides' and inspecting banana estates (Dubus, 2018).

21 In Cambodia, the 99-year lease of 40,000 hectares of land in Koh Kong Province in 2008 by the Cambodian government to a Chinese company, Union Development Group, resulted in a decade-long land conflict staged by the Cambodian villagers (Vannarin, 2018).

22 In Bangladesh, in April 2016 and February 2017, there were two massive protests in Dhaka opposing the development of a large-scale power plant adjacent to two Hilsa sanctuaries by a Bangladesh-China joint venture. Dozens of people were injured, and several people were killed in the two clashes (Quadir, 2017).

23 In Australia, in December 2017, ahead of a key federal by-election in Sydney, Australian Prime Minister Malcolm Turnbull responded to the counter-Chinese influence sentiments within the country by introducing new foreign interference laws banning foreign donations and requiring Australians who work for foreign interests to register (Chen and Pollard, 2017).

24 Pro-Hong Kong laws introduced by the United States Congress include the Hong Kong Human Rights & Democracy Act of 2019, the Protect Hong Kong Act of 2019, and the Hong Kong Autonomy Act of 2020.

25 Pro-Taiwan laws introduced by the United States Congress include the Taiwan Travel Act of 2018, Taiwan Assurance Act of 2019 and Taiwan Allies International Protection and Enhancement Initiative of 2019.

26 See US Department of State. 2019. *A Free and Open Indo-Pacific: Advancing a Shared Vision*: https://www.state.gov/a-free-and-open-indo-pacific-advancing-a-shared-vision [Accessed: November 6, 2018].

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2 More than sharp power

Chinese influence operations in Taiwan, Hong Kong and beyond

Wu Jieh-min

Long before the West discovered China's sharp power play, Taiwan and Hong Kong had encountered the cutting edge of an ascendant China, but their stories were rarely reported in depth. The new concept of 'sharp power' has provided a timely framework for rising global vigilance against China's interference in democratic countries, transforming the epistemic perspective from which China's external behaviors are evaluated. Instances of what might have been seen as 'soft power' are now re-construed as 'sharp power': Confucius Institutes across the world, for example, once welcomed as a form of amicable public diplomacy (Kurlantzick, 2007) but more recently stirring up suspicions of interference in academic freedom in host countries, have been deemed 'malignant' in a report by the National Endowment for Democracy (Walker and Ludwig, 2017). Revelations of Chinese interference in Australia and New Zealand seem to have awakened the West overnight (Brady, 2017; Hamilton, 2018). These troubles, however, pale in comparison with those afflicting Taiwan and Hong Kong. This chapter uses both locales to build a roadmap for a comprehensive analysis of China's sharp power in a broad sense.

Beijing has long been fiercely devoted to a form of media warfare it calls 'great foreign propaganda' (dawaixuan), aimed at directing international media outlets to 'tell China's story well' (Lim and Bergin, 2018). In the wake of the coronavirus outbreak in 2020, Western governments came to realize that China's propaganda offensive had met with success in their various nations. Studies and in-depth reports inspired by the sharp power perspective have primarily focused on disinformation and its application to electoral intervention. This study will demonstrate that by examining Hong Kong and Taiwan we can identify types of influence operation beyond those which the sharp power approach has informed.

Situated at the epicenter of China's attempts at influence, Taiwan has had to endure Beijing's coaxing, threats and interference. Still, it has made efforts to expose China's impact, operating as it does undercover, polarizing societal attitudes toward the mainland—a rift which Beijing has further widened through disinformation and manipulation. What Beijing has undertaken in Taiwan and its East Asian peripheries has exceeded the scope of sharp power as defined by the NED report (Cardenal et al., 2017). In particular, Taiwan and Hong Kong have been 'canaries in the coal mine' for Beijing's repertoire of interference.

To achieve its political goals in what it calls 'offshore territories'—including foreign countries, special administrative regions and claimed sovereign territories—Beijing has mingled economic statecraft, coercive measures, united-front tactics and ideological warfare (Wu et al. 2017).

2.1 Commercialized united-front strategy

The quintessential feature of Beijing's influence operations is providing material incentives to local collaborators (or co-operators) in return for political ends, often in the guise of innocuous commercial exchange. This conceals Beijing's political motives.

First of all, Beijing has to build economic leverage. Over the last three decades China has attracted a large amount of Taiwanese capital and expatriates, helping to drive its economic development. China accounted for 38.5 percent of Taiwan's total global investment during the 1990s, ramping up to 60.4 percent under President Chen Shui-bian (2000–2008) and peaking at 69.2 percent under Ma Ying-jeou (2008–2016). Many Taishang (Taiwanese enterprises and businesspeople) initially entered China to take advantage of cheap production costs (labor and land) and re-export products to Western markets, but more and more Taishang were gradually drawn into Chinese domestic markets and became involved in a deeper interplay of connections with local government. The concentration of Taiwan's external investments in China is reflected in its particularly high degree of export-market dependence. China accounted for 41 percent of Taiwan's total exports in 2017 (albeit with a substantial proportion of re-exports). Consequently, trade with China made up 31.9 percent of Taiwan's GDP. Such a high degree of dependence on China is second only to Hong Kong, and higher than South Korea. Taiwan's asymmetric structure of dependence is susceptible to political manipulation.

Beijing has deftly utilized the openness of the market and democracy in Taiwan; it has molded the structural dependence of Taiwanese businesses into one aspect of a grand strategy aimed at integrating Taiwan into the PRC. Close ties between Taishang and Chinese officials have become a useful asset in cultivating pro-China lobbies in Taiwan through cross-Strait business networks. Authoritarian Beijing has long taken advantage of the free-market economies in Taiwan and Hong Kong, leveraging smaller, open societies with the ostensibly mutual benefits of free trade to construct a structure of dependence. The relationship being highly asymmetric, the cost to those smaller economies of withdrawing from it is consequently much higher, while such a withdrawal would also meet with opposition from entrenched local interests. Beijing has, for example, nurtured scores of politicians, lobbyists and associations by way of tour operators in Taiwan and Hong Kong (see Tsai and Yeh's chapters, respectively). Whenever Beijing has threatened to reduce the flow of tourists, such CCP collaborators have spoken up for Beijing with its refrain of 'doing business for the common benefit of the people'. This strategy is not limited to tourism but also infects agriculture, manufacture, media, entertainment and even the cultural and religious spheres. And

Beijing has employed this strategy of 'using business to steer politics' in other countries, such as Australia and New Zealand. I shall refer to this modus operandi as the 'commercialization of united-front work', where by 'commercialization' I mean the general principle of embedding political motives in business activities. In practice, such activities are modified into a variety of subtypes. Such business measures permeate China's influence operations, enabling it to transform the structure of people's preferences so as to manipulate the political process. This study will show how material incentives provided at both the macro and individual level serve as the base for Chinese sharp power.

2.2 Chinese influence operations

China sees Taiwan and Hong Kong as lying within the radius of its 'core interest', and it practices blatant political manipulation of both. Taiwan and Hong Kong share similarities in this tug-of-war with Beijing: both are huaren shehui (Chinese societies), where Beijing can take advantage of the 'same language, same race' discourse. Both are adjacent to and economically integrated with the mainland. Exploiting such traits, Beijing can easily embed cooperative agents in both places. In the shadow of the 'China factor', however, the two differ significantly in political structure. Taiwan has a consolidated electoral democracy, a robust civil society, and enjoys de facto independence from the PRC; Hong Kong, under PRC jurisdiction, is striving for genuine universal suffrage, while a unique Hong Kong identity is still embryonic; Beijing claims Taiwan only nominally, but tightly grips Hong Kong within its sovereign control. The condition of 'stateness' is of critical positive consequence for Taiwan (Linz and Alfred, 1996). Such dissimilarities explain the different responses and outcomes in defense of freedom and autonomy against China's control attempts. Nevertheless, weaknesses in Taiwan's social and political structure have enabled Beijing to cultivate collaborative agents and meddle in domestic affairs.

If we set out to create a ledger of Chinese influence operations, we find three modes—external, internal, and borderline—in terms of socio-political space. We can further define three ideal types. Foremost is external coercion: the degrading of Taiwan's statehood and delimiting of its space for international activities (Figure 2.1). Methods of external coercion include diplomatic blockades, military intimidation and symbolic sovereignty warfare. Beijing and Taipei have long engaged in a diplomatic contest, ever since the Cold War. Starting in the 1970s, the Republic of China (ROC) gradually lost its formal recognition by the major world powers. Beijing has forced Taipei to sever its official relations with five countries since the pro-independence Democratic Progressive Party (DPP) took office in 2016. On the military front, Beijing has stepped up intimidation on a regular basis, even launching missiles to try to disrupt Taiwan's first direct presidential election in 1996. The National People's Congress enacted an Anti-Secession Law in 2005, intended to deter any Taiwanese independence movement. In recent years, the Chinese air force and navy have conducted patrols which have threateningly encircled Taiwan, intending thereby to effect a psychological threat. Beijing

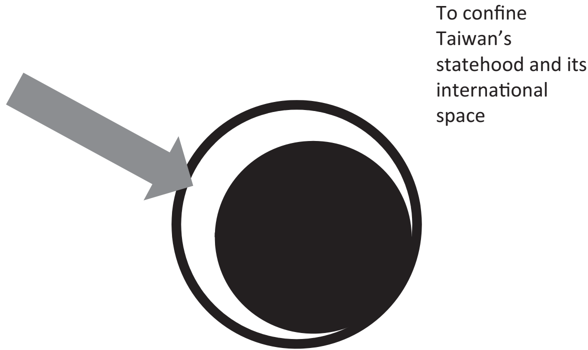

Figure 2.1 External coercion

has also restricted Taiwan's participation in international organizations by any means possible. It allowed Taiwan to attend the World Health Assembly (WHA) under a *Kuomintang* (KMT) government, but only on the premise of the 'one-China principle', which defines Taiwan as a province of China. This pattern came perilously close to the Hong Kong model of PRC sovereignty, with Beijing claiming that Taiwan voluntarily attended the WHA as a constituent province.

Beijing has constantly engaged in a battle over the 'proper naming' of Taiwan. Most recently, Beijing has requested of global companies—from hotels to fashion brands to airlines—that they change the way they refer to Taiwan online, not allowing Taiwan to be listed as a country in drop-down menus and even rendering taboo the very term 'Taiwan'. Virtually all such enterprises have caved in. This new round of symbolic sovereignty warfare by way of coercing private companies has proved effective. Its purpose has been to deny Taiwan's statehood. Not unique to Taiwan, this mode of influence operation has also been applied to Tibet and Hong Kong. Mercedes-Benz has apologized for 'hurting the feelings of the Chinese people' for quoting the Dalai Lama on its official Instagram page. Hong Kong's democrats, nativists and nationalists have all suffered severe political punishment after accusations of disloyalty to the PRC. But compared with Tibet and Hong Kong, Taiwan of course stands out as Beijing's principal target because of its self-rule and democratic government. Such control requires cooperation from third parties, usually kowtowing to China for simple economic reasons.

Beijing's second mode of influence is penetration from within—the cultivation of local collaborators in Taiwan (Figure 2.2). Besides exerting external pressure, Beijing wields both 'carrot and stick'. This mode conflates in part with sharp power, but its scope is much broader. What is most significant in the case of Taiwan (and Hong Kong) is that Beijing can achieve its goals by way of locally embedded 'collaborative agents'. How does Beijing achieve this? From the start, it has utilized cross-strait business networks to organize pro-China lobby groups and set up political forums in conjunction with the KMT. Beijing launched the

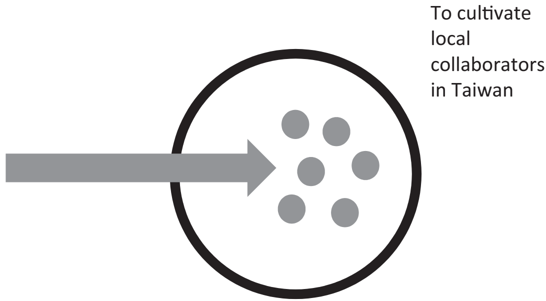

Figure 2.2 Penetration from within

'CCP-KMT cooperation platform' in 2005, during the DPP government of 2000 to 2008. Back in power from 2008 to 2016, the KMT swiftly enacted its pro-China policies by signing free-trade agreements with Beijing and opening the door to Chinese officials. With the help of local media, both sides quickly portrayed an atmosphere of 'peace and prosperity' in which Chinese officials went straight to the grassroots and built up island-wide patron-client relations. Zheng Lizhong, deputy director of the Taiwan Affairs Office of the State Council, entered Taiwan more than 20 times, meeting with all trades and professions and boasting of his 'tour all over the province'.

And so Beijing's sphere of influence has advanced from economy to politics to almost every corner of society, so much so that several 'pro-unity' political parties were formed and one mafia boss even organized a China Unification Promotion Party (CUPP). It is in this mode that 'commercialization of the united front' has become the dominant strategy, involving, if necessary, ideological incentives: economic calculations have intermingled with persuasion and preference transformation. A stream of politicians, business tycoons and even Buddhist masters have paid pilgrimage to Beijing, while entertainers, local party machines and custodians of temples have embarked for the mainland as if for a gold rush. These notables and celebrities have become an army of reservists for the China lobby, beating the drum for the 'China opportunity'. The majority of mainstream media have depicted the people in defiance of Beijing's united-front work as 'Sinophobic' or of a 'closed-door mentality'.

But Beijing projected sharp power into Hong Kong earlier and even more profoundly than in Taiwan. Since the handover, the Chinese have directly deployed all sorts of control devices via state and party apparatus and almost without inhibition. Beijing has coopted local entrepreneurs through political appointments, usually membership of the People's Congress and Political Consultative Conference (Fong, 2014). It has also offered overseas Chinese businesspeople opportunities for rent-seeking in China (Wu 2019a). Through such measures, Beijing has controlled (or maintained a good relationship with) a number of media companies. Recently, the founder of the online trading giant Alibaba bought the *South China*

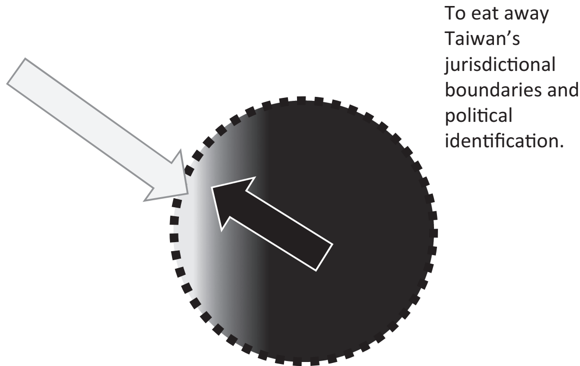

Figure 2.3 Eroding political boundaries

Morning Post, while the Shanghai-based CMC Group made a bid for TVB, a major television company, moves seen as closer censorship of Hong Kong's media by Beijing. In addition, many so-called 'patriotic groups', similar to their counterparts in Taiwan's 'uncivil society', have been encouraged to establish amid heightened political tension, only adding to a widening social schism.

The third mode is eroding political boundaries—the eating away of Taiwan's jurisdiction and political identification, a strategy that combines external pressure and internal penetration (Figure 2.3). The Taiwanese can stand resilient in the face of PRC sharp power because of their clear-cut 'stateness' and distinct and separate political identity. Beijing knows this well, and has tried hard to chip away at these two points. During the 2012 presidential election, for instance, Beijing mustered dozens of Taiwanese tycoons to support the '1992 Consensus'—the equivalent of the PRC's 'One-China Principle'. After President Ma Ying-jeou won reelection, he immediately sent an envoy to Beijing to make a statement on 'One Country, Two Areas', the concept by which Taiwan is not an independent entity but instead an area under the ROC Constitution that claims sovereignty of the mainland. This move was a major concession to Beijing's irredentist claim, and a retreat from President Lee Teng-hui's 1999 'Two-States Formula'. According to a leading expert in international law, the problem for Taiwan in achieving formal recognition lies not merely in that the powerful PRC denies Taiwan's statehood, but also in that Taiwan does not definitively assert itself as an independent state (Crawford 2006). Ma's statement, therefore, tilted mainland policy closer to the One-China Principle and weakened Taiwan's stateness. Beijing's attempt to undermine Taiwan's political boundaries received effective assistance indeed from a collaborative KMT government.

Since 2016, Beijing has accelerated its attacks on this front. A Taiwanese NGO activist, Lee Ming-tze, was arrested in China in 2017 and sentenced to five years in jail and loss of political rights for two years. Lee, an enthusiastic online advocate of Chinese democracy, was the first Taiwanese citizen charged with

'subversion of state power' and, spectacularly, Beijing punished him as if he were a citizen of the PRC. Many Taiwanese suspects arrested in third countries have been extradited to China under Beijing's insistence that the PRC has jurisdiction, an action which has raised fears of a withdrawal of Taiwan's sovereign jurisdiction over its own citizenry.

An overwhelming majority of Taiwanese identify themselves as such in polls, a trend which has so worried Beijing that it suppresses expressions of Taiwanese political identity whenever possible. Popular entertainers have thus become a target for manipulation. As early as 2000, when the aboriginal singer Kulilay Amit performed the ROC national anthem at the presidential inauguration of Chen Shui-bian, Beijing banned her from the Chinese market for four years. Chou Tzu-yu, a popular Taiwanese singer based in South Korea, was forced to apologize for posing with the ROC flag on the eve of Taiwan's 2016 election (see Liao's chapter in this volume). Taiwanese singers, actors and directors have one after another had to disavow or distance themselves from the cause of *Taidu* (Taiwan independence) or affirm their Chinese identity under considerable duress. Recently, a Taiwanese café chain with a large stake in China was forced to apologize and pronounce its support of the 1992 Consensus simply for serving President Tsai Ing-wen at a branch in Los Angeles.

In August 2018, Beijing launched a new round of hostilities against identity politics, announcing a new policy of issuing 'residence cards' to Hong Kong, Macao and Taiwanese expatriates on the mainland on a voluntary basis. The function of this residence card resembles that of the identity card issued to all Chinese nationals. As everyone knows, citizens of Hong Kong and Macao are already under PRC sovereignty, and, accordingly, those Taiwanese who apply for a residence card will be treated as Chinese nationals. Beijing claims that this is merely preferential treatment, for the convenience of the Taiwanese, aiming to win the hearts of compatriots. In effect, of course, it has helped Beijing to propagandize over Taiwanese voluntarily embracing PRC citizenship.

These three ideal-type operations can be deployed separately or in conjunction. Beijing has applied all to Hong Kong and Taiwan. Yet with Hong Kong's sovereignty already tightly in its grip, the external coercion mode is somewhat unnecessary. Amid steadfast and even militant civil resistance, the center has claimed its right to exercise its 'comprehensive governing powers' in Hong Kong, a step closer to the cancellation of 'One Country, Two Systems'.

2.3 China's control mechanism in five issue areas

In this section, I will use case studies to illustrate Chinese influence mechanisms in five issue areas: elections, media, tourism, religion and entertainment. In each area, I will specify the PRC's political goals vis-à-vis Taiwan, the leverage and tools employed to push for them, Beijing's local collaborative agents, and the incentives provided by China. Such incentives are offered to individuals, groups and parties in the form of material and non-material gains (Table 2.1). I will also compare Hong Kong and Taiwan wherever applicable.

Table 2.1 China's Influence Mechanisms

Issue area	*China's political goals vis-à-vis Taiwan*	*Leverage and tools*	*CCP collaborators in Taiwan*	*Incentives provided by the Chinese*
Interference in elections	Manipulate election outcomes, contain pro-independence and anti-China forces	Military threats, cross-Strait business networks, fake news, propaganda through media agencies	Business elites, pro-China politicians, local factions and party machines	Economic privileges, political support, 'concessionary policies'
Media control	Censorship and self-censorship, disinformation, pro-China propaganda	Equity ownership control, paid news, advert orders, social media, troll farms and cross-border computing	Media owners, journalists and editors, YouTubers	Advert and embedded-marketing revenues, economic exchanges in China
Tourism	Construct economic reliance, use tourism to pressure DPP government	Supply chains of tourism, control supply of tour groups	Tourist interest lobbies, employees in tourism, pro-China politicians	Material gains for Taiwanese tourist agencies and lobbyists
Religious exchanges	Strengthen ethno-cultural ties, promote Chinese nationalism, co-opt religious leaders and brokers.	Cross-Strait religious sphere	Religious leaders, temple custodians, local factions, local political bosses	China's religious market, economic gains, land and real estate interests
Entertainment industry	Mass-culture penetration, press entertainers for 'One-China' propaganda	Chinese entertainment market, co-production	Actors, singers, producers, directors, TV channel owners, agents and PR companies	High remunerations and profits

2.3.1 Meddling in elections

The world's media closely observed Taiwan's 2020 presidential race—a campaign reduced, in a way, to a vote about China. As was widely reported, China used cyber operations to sway voters in favor of pro-China KMT candidates, something which China's Taiwan Affairs Office spokesman sternly denied: 'Everyone knows that we have never interfered in elections in Taiwan.' Ample evidence contradicts this claim. As early as 1996, China had launched a missile test aiming (but failing) to interrupt Taiwan's first direct presidential election. In 2000, it shifted its strategy to one of propaganda warfare through mass media. China's state TV channel broadcast a statement by the then premier Zhu Rongji, who warned the Taiwanese in no uncertain terms of the danger of electing the DPP's Chen Shui-bian. One new tactic for meddling in Taiwan's elections has since been to 'organize' and 'encourage' Taiwanese expatriates to return home to vote. Voluntarily or not, Taishang associations in China have continuously helped in the task. The above-mentioned '1992 Consensus' campaign is another tour de force in which Beijing has mobilized Taiwanese business to help promote its favored candidate. Though such blatant interference is widely known about in Taiwan, it is rarely reported in international media—Western media have tended to expect to see in Taiwan what they see in their own countries, that is, disinformation used as electoral intervention.

Some international media have looked (unsuccessfully) for a 'smoking gun' of Chinese influence operations in Taiwan, but Beijing has not simply reproduced the Russian-style campaign they might have expected (Horton, 2018; Howard et al., 2018; DiResta et al., 2018). Though China has applied cyberwarfare to mold public opinion, it has still relied heavily on conventional media such as print and TV, and such operations have become embedded in Taiwan's media ecology. Beijing has long cultivated an echelon of collaborative media outlets, with the Want Want Media Group and United Daily News (UDN) the most oft-cited (Chang and Chen, 2015; Wu, 2016; Diamond and Schell, 2018). During election years, news coverage first inundated social media—Line, YouTube, Facebook and others—and then fed back to the mainstream media, forming a cycle of reinforcement (Lin, 2018). This style of sharp power differs from Russian.

Over the years, Beijing has alternately tried military threats, coaxing business elites, and propaganda and disinformation to help achieve its goals in Taiwan's elections. In return, CCP collaborators have obtained personal economic privileges, political support and 'concessionary policies'. What distinguished the 2020 presidential election is that China's Xi Jinping delivered a call-for-unification address to Taiwan to kick off the race in early 2019, handing Tsai Ying-wen ammunition to fight back at what was a low point for the DPP. When Beijing's favored candidate, the KMT's Han Kuo-yu, visited Hong Kong to meet with the director of the Liaison Office, Beijing's fortunes quickly turned, and its overt interference led to a KMT defeat.

2.3.2 Media control

China seeks to intervene in foreign media to effect censorship. In Hong Kong and Taiwan, it primarily employs three types of control: equity (ownership) control, buyer's commercial control and cross-border online censorship. Beijing had penetrated the Hong Kong media even before the 1997 handover, with the Chinese owning outlets such as Wen Wei Po and Ta Kung Pao. Beijing has accelerated its efforts since 2014 in the wake of the Umbrella Movement and nativist revolts. Alibaba Group bought the South China Morning Post in 2015. That same year, Shanghai-based China Media Capital (CMC) acquired a controlling stake in TVB, Hong Kong's largest television station. CMC's chairman used to be a high-ranking CCP official in charge of the state-owned Shanghai Media Group (Pu, 2018: 77-89). In Taiwan, as early as 2008, Want Want China Holdings Ltd, a Taiwanese-invested food company, returned to Taiwan to purchase the China Times, CTI Television and the China TV Company. Want Want was generating more than 90 percent of its revenues in China and had secured enormous subsidies from Beijing (GK Dragonomics, 2013). This news group has since become a mouthpiece for Beijing's policies.

After equity control, China also influences media behavior via advertisements, paid news and other commercial measures. Hong Kong media bosses have reminded reporters that 'There won't be food to feed you without Chinese tourist groups' and asked editors to caption reports on the Closer Economic Partnership Arrangement (CEPA) and such tourist groups with phrases like 'Central government offers big gift' (S. Lee, 2015). Media outlets fear canceled advertising orders; Apple Daily and am730, which reported on the Occupy Central Movement during 2013–14, were duly punished. Moreover, Beijing has disciplined journalists by setting up 'red lines' and even threatening personal safety (see Chan Chi Kit's chapter).

In Taiwan, Chinese 'easy money' has led to rampant pro-China paid news and self-censorship. Top managers of some media groups have become 'gatekeepers' for China's political concerns rather than guardians of press freedom. According to one case study, Beijing officials routinely telephoned editorial desks of a media group in Taipei to intervene, in what was tantamount to external censorship (C. Lee, 2015). The China Times and CTI Television, among others, have turned into loudspeakers for China and the KMT, both agencies putting enormous efforts into endorsing the populist Han Kuo-yu. Exchanges between Taiwanese media companies and China have taken place mostly offshore, rendering it challenging for the Taiwanese government to prove the existence of deals done in smoke-filled rooms in a different jurisdiction. In May 2018, the president of the UDN led a delegation to China to meet with Wang Yang, head of the People's Political Consultative Conference, the pinnacle apparatus of united-front work. Wang Yang expressed the hope that the UDN might 'stand at the peak of the general interests of the Chinese nation […] oppose 'Taiwanese independence' [and] fulfill [our] spiritual affinity'.[1]

Cross-border online censorship also looms large in China's growing share of the global cyber market. Taiwan's younger citizens have been heavily exposed

to Chinese online media such as WeChat (a multi-purpose social media app), iQiyi (an online video platform) and TikTok (a media app for short videos) as well as e-commerce such as Taobao (Alibaba). Xi's regime has stressed internet sovereignty. The influx of Chinese audiovisual websites into Taiwan has brought about political consequences as the audiovisual industry has been ensnared by 'commercial capital engraved with a gene of censorship' (Lee, 2017). iQiyi has already effectively removed an online mini TV series which allegedly covered the Sunflower Movement and the idea of Taiwanese independence. Even more conspicuously, Beijing has used cross-border cloud computing to disseminate disinformation with the help of collaborative media outlets. For instance, when in fall 2018 a typhoon ravaged Kansai Airport in Japan, Beijing seized upon the chance to wage a propaganda war against Taiwan, whose diplomats in Japan were depicted as unresponsive and incompetent, compared to their 'Wolf Warrior' Chinese counterparts. This disinformation precipitated a political storm, cost the life of a diplomat, and helped strike a body blow to the ruling DPP in local elections (Chiang and Wu, 2020). In this particular mode of influence, offshore cloud computing dovetailed with local co-operators to create a model of sharp power distinct from the Russian.

2.3.3 Tourism

Tourism is another sector that China has utilized to put pressure on targets including Hong Kong, Taiwan, Japan and South Korea. China has regulated an 'all-in-one' organization of foreign tour groups—a vertical integration of the tourism supply chain (TSC) from allocation of tour groups to transportation, lodgings, food, excursions and shopping. A substantial proportion of the hotels, restaurants and stores involved are run or jointly owned by Chinese or Hong Kong capital. It is estimated that 15 Hong Kong-invested travel agencies cover 60 percent of tour group business. 'No guanxi (connections), no business', goes the phrase, and there are hurdles to jump to win those connections (Lin, 2019). Oligarchic control of TSCs leaves Chinese tour operators occupying the upstream and reaping the greatest rewards, while the Taiwanese side sees far fewer profits: Chinese tourism to Taiwan only serves the interests of privileged travel agencies. Skillfully wielding buying power, Beijing can easily manipulate its supply of tour groups for political ends, as all-in-one TSCs have created a local constituency relying on a stream of Chinese tourists.

As early as 2009, Kaohsiung's municipal government hosted a film festival scheduling a documentary about the exiled Uighur activist Rebiya Kadeer, whom China regards as a rebel. The Taiwan Affairs Office demanded Kaohsiung withdraw the film, threatening to cut off the supply of tour groups to the city. When the mayor rejected the idea, Beijing ordered a tourism embargo. One official in Kaohsiung explained the impact:

> The Chinese tourists perhaps occupy less than one percent of local GDP, but they feed many people in the trade of hotels, traffic, tour-group restaurants,

> and shopping malls. Many serve in low-end jobs and earn low wages. They have been accustomed to this pattern of 'all-in-one' tourism. If the Chinese aren't coming, people will cry out loudly. They are voters. We have to take care of their living, and we need their votes. Who can bear losing them?[2]

As Tsai (in this volume) points out, China's Taiwan tourism policy attests to:

> how a large authoritarian polity could work through apparently free economic markets to progressively penetrate a small democratic society. How it could start from what looks like a commercial activity that is voluntary and of mutual benefit, and progressively grow to constitute a relationship of dependency – so that the cost for Taiwan to withdraw is higher and higher, and return to the original condition is less and less likely.

When President Tsai Ing-wen took office in 2016, Beijing manipulated the issue once again, mobilizing public opinion and pressing her to accept the 1992 Consensus. Tsai did not bow to such a demand, so Beijing began to reduce the supply of tour groups. Standing firm, the Taiwanese government tried to diversify sources of foreign tourists and subsidize the local tourist industry. This 'abstinence policy' gradually paid off. Several months before the 2020 elections, Beijing further cut tourist groups to Taiwan to a minimum level. Immediately following the elections, the coronavirus pandemic broke out, and cross-Strait travel dwindled to almost nothing. Momentarily at least, tourism is no longer a useful weapon.

2.3.4 Religious exchanges

Temples have long been local political centers in Taiwan. Under the control of local factions and religious notables, many become targets for candidates seeking campaign support, especially those with large numbers of devotees such as Fo Guang Shan in Kaohsiung and the Zhenlan Temple (Jenn Lann Gong) in Taichung. Religious exchanges, predictably, have become another route for Chinese influence operations. Chinese officials are forever paying visits to famous monasteries and temples to establish connections, gearing up with local factional networks and accessing followers.

Religious faith is by definition spiritual, but in reality temporal desires can taint piety. This phenomenon appears to be all the more so in Buddhism, Taoism, and folk religion in Taiwan. When applying united-front work to religion, China has often subtly applied a secular logic—that is to say, appeals to profit and fame—to achieve political ends. Ku and Hong (2017) have explored the phenomenon of 'doing Mazu (Matsu) worship across the Strait' and found that ostensibly civil religious exchanges have political implications and economic outcomes. They discovered a 'political-economic nexus' alongside the spiritual. The cult of Mazu originated in coastal Fujian, so, for the Chinese, Mazu as (literally) Mother Ancestor is an embodiment of the 'same language, same race' doctrine.

Worship of this same goddess provided an ideal case for official Chinese nationalism. In 2001, the Zhenlan Temple organized Taiwan Mazu Fellowship. Though a religious organization, it openly supported the KMT and sponsored a campaign rally for Ma Ying-jeou, all the while maintaining a good relationship with the Chinese government. In 2004, China set up a Chinese Mazu Cultural Exchange Association, and a cross-Strait Mazu worship circle was established for 'pilgrimage mobilization', with religious leaders helping transform pilgrimages to Fujian into political propaganda (Ku and Hong, 2017: 315). Pilgrimage mobilization has opened up a means for the Chinese government to drill right down to the grassroots. Religious affinity has rather magically paved the way for Chinese officials to tour Taiwan establishing patron-client relationships with local political machines:

> During the 2015–16 presidential election, on the surface, the Chinese government did not directly interfere in it, but the director of China's Association for Relations Across the Taiwan Straits (ARATS) Chen Deming visited Taiwan several days before the ballot day. He went straight to Zhenlan Temple and convened a secret meeting with twenty-nine neighborhood heads in the district. Then he visited other Mazu temples […] Although Chen did not say whom he supported for the presidential campaign, he urged people 'to consider the cross-Strait relations and make the best choice'.
>
> (Ku and Hong, 2017: 316)

What is the payback for such active collaboration? Local bosses have reaped a 'religious bonus', most significantly in huge land-development profits (Ku and Hong, 2017: 318). Tianjin's municipal government, for instance, cooperated in 2016 with the Zhenlan Temple on a colossal Mazu Cultural Park, boasting the world's tallest Mazu statue.

Religion has become an ideal testing ground for Chinese manipulation of a strategy combining cultural identity and material incentives. The Zhenlan Temple case is just one typical of countless daily exchanges, but the secular logic of pilgrimage mobilization applies to other religions and sects. Religious activities are the epitome of how China has promoted its official ethno-nationalism by co-opting religious leaders and brokers. In the process, it has created a cross-Strait religious sphere in which Buddhist masters have gained access to China's religious market, enjoyed spiritual power and brokered political linkages, while temple leaders and local political machines have fulfilled their religious and economic functions.

2.3.5 Entertainment industry

China's growing clout in the entertainment industries—TV, film, music and online audiovisual and digital gaming—has brought significant influence to bear globally. In Hong Kong, co-production with Chinese film companies has meant immense opportunity for profit but also caused the decay or even demise of local character and brought the pain of censorship (Wang's chapter in this volume).

Chinese entertainment capital made inroads into Hong Kong in 2003 with the signing of the Closer Economic Partnership Arrangement (CEPA) with Beijing, which aimed to rejuvenate the economy. Co-production offered a vast market for the rather downcast Hong Kong film industry, but in the meantime ushered in concerns of 'mainlandization'.

Taiwan has similarly faced mainlandization of its entertainment industry. As early as 2000, one pop star was banned from the Chinese market for singing the ROC anthem at the presidential inauguration. Since then, such censorship has been incessant. As a result, Taiwanese showbiz has become a target for witch hunts. Liao (in this volume) points out that China has encouraged the production of 'main melody' (zhu xuanlü 主旋律) films featuring patriotism and Xi Jinping's 'China dream', with 'fighting Taiwanese independence [Taidu] and promoting unification' as major themes. Further, entertainment capital both state-owned and private has taken advantage of state policy and offered co-production with Taiwanese companies and purchased TV programs produced in Taiwan. The censorship mechanism was thereby brought into the process. Finally, an expanding domestic market has cultivated a taste for patriotism, and the internet boom has engendered an army of patriotic netizens accusing Taiwanese singers, actors and directors of supporting Taidu and pressing the authorities to respond. Thus is China able to exploit its netizens to bring Taiwan's entertainment industry to heel, and Taiwanese celebs have lined up to express loyalty to China.

Nevertheless, netizen witch-hunt culture is but one side of the story—many in the profession are ready and willing to conform. Co-production is an irresistible lure for channel owners, producers and directors; so is high remuneration for actors, singers and their agents and PR companies. In one notorious case, the Chinese government allowed a pan-Green TV station to sell its drama series; in return, the station had to replace a popular pro-independence talk-show host. Over the years, Beijing has applied the commercialized united-front work strategy so well that it has effectively harnessed its markets to gain foreign political control.

The long shadow cast by China across the entertainment sector has grown ubiquitous in both Hong Kong and Taiwan, yet there is a subtle difference between the two. For a Hong Kong under Chinese sovereignty, Beijing intends to eliminate local character or prevent the birth of a distinct cultural identity. For Taiwan, a breakaway province to be conquered, Beijing wants to deter a surging national sentiment or, at the very least, to apply a crowbar to existing Taiwanese-Chinese identity cleavage—a standard operation of sharp power.

2.4 Preliminary comparison of China's global influence

In what ways are the lessons of Chinese influence operations in Taiwan and Hong Kong applicable to other countries? Well, the united-front work that Beijing has applied globally is not fundamentally different from that tested in Taiwan and Hong Kong. The first lesson we can draw is that overseas Chinese communities provide the first point of contact. The primary task for united-front work operatives is to sniff out who might be the co-operators in a local community. It is not

difficult to find would-be local confederates to cooperate with the 'motherland' in Hong Kong and Taiwan and, conceivably, in Singapore and Malaysia with their large ethnically Chinese populations. Beyond these places, 'racial linkage' still provides a basis for influence operations. In recent years, as stories about Beijing's activities have gained attention in Australia, New Zealand and Canada, common themes such as aiguo huaqiao (patriotic overseas Chinese) and zuguo (motherland) have been seen to surface. The PRC exploits xueyuan (consanguinity) discourse in contacts with Chinese communities and uses cultural affinity to deploy networks for exchange. The Third Bureau of the Ministry of United Front Work has used huaqiao to construct a global Peaceful Reunification of China Association (Tongcuhui) so as to wage war on Taiwanese independence. The term 'patriotic overseas Chinese' has come to define the distinction between friends and enemies.

For most Taiwanese, the notion 'motherland' denotes a PRC that intends ultimately to dissolve and absorb their political identity, but overseas Chinese do not perceive their relationship with Beijing this way: the motherland discourse familiar to ethnic Chinese in Australia does not involve the threat of becoming PRC citizens. The difference is critical. Since China harbors no territorial ambitions toward them, Western societies are unwary of Beijing charm offensives launched initially among their Chinese communities as cultural and educational exchanges; once they discover that China's influence is omnipresent it is too complicated to neutralize its tentacular networks, as evidenced in the Australian and New Zealand cases.

Moreover, China has devoted resources to building world-wide dependence structures and interest linkages to steer politics. Table 2.2 lists countries on China's eastern and southern rim by export dependence on China in 2008 and 2016. As the Hong Kong and Taiwan cases show, Beijing has leveraged economic dependence for political influence. In recent years, Beijing has also gained significant political control over Laos and Myanmar, which rely heavily on China for trade, loans and investment. Despite their different geopolitical context, Australia and New Zealand seem to be in a similar situation, both increasingly relying on China's market and finding that Beijing or its proxies are penetrating their domestic politics. On the back of investment, Beijing has launched the Belt and Road Initiative (BRI) and secured relations with many countries with strategic significance in South and South-East Asia, Africa and Latin America. The success of the BRI has, paradoxically, caused anxiety in countries dependent on Chinese investments and loans, who now worry about being caught in a debt trap.

Finally, CCP collaborators benefit from economic incentives, often packaged in a discourse of reciprocal cultural exchange. In most cases, it is futile to distinguish sharp power activities from soft—all are intertwined and combined to create the most effective control measures. I will briefly discuss cases that illustrate this breadth and depth of Chinese influence operations beyond Taiwan and Hong Kong.

First, the case of South Korea involves a geopolitical confrontation between China and the US. Beijing entered into serious dispute with South Korea in 2016

Table 2.2 Export Dependence on China in Selected Countries, 2008 and 2016*

	Export dependence on China, 2008	*Export dependence on China, 2016*
Japan	16.0%	17.7%
South Korea	21.7%	25.1%
Taiwan	26.2%	26.4%
Hong Kong	48.2%	55.3%
Vietnam	7.7%	12.4%
Singapore	9.1%	13.0%
The Philippines	11.1%	11.0%
Malaysia	9.6%	12.5%
Indonesia	8.5%	11.6%
Thailand	9.1%	11.0%
Laos	10.7%	36.1%
Cambodia	0.3%	6.1%
Myanmar	4.8%	40.8%
Brunei	0.4%	4.5%
India	5.6%	3.4%
Pakistan	3.6%	7.7%
Sri Lanka	0.6%	2.0%
Australia	14.6%	32.6%
New Zealand	5.9%	19.5%

Sources: Recompiled from China Statistics Yearbooks; International Trade Center, International trade in goods statistics by country (Exports 2001–2018), https://goo.gl/PJTjTf; and IMF, Datasets, https://goo.gl/y3rzwy.
*The numbers do not include services trade. Exports to Hong Kong are not included.

over Seoul's decision to deploy America's THAAD missile system, which China considered a serious threat to national defense. Initially, Chinese officials warned that Beijing would not sit back quietly. When South Korea proceeded with THAAD, Beijing immediately executed sanctions against Korea's pop culture industry and canceled the tours of several Korean pop stars to China, much to the dismay of Korean entertainment companies, which suffered a drop in stock price. Such sanctions have also been widely used in Taiwan. The South Korean opposition party opposed the deployment, and a number of opposition MPs visited Beijing, attracting strident criticism from the ruling party. The Korea Lotte Group provided land for the deployment of THAAD, and Beijing launched a campaign of fault-finding in Chinese shopping malls in which Lotte had invested, forcing it to end business there in 2018. Beijing even launched an 'unannounced embargo' on those areas of Seongju County where THAAD was deployed, aiming to increase residents' opposition to the missiles. Sanctions struck a blow to Korean car exports to China. The South Korean government faced enormous pressures on national security (Haggard, 2017). But Chinese threats, though substantiated to a high degree, were ineffective. South Korea stood firm. Geopolitics may explain why the South Korean government withstood Chinese pressure—as an ally of the US, the country has to make tough choices and face the costs. Notably, no

orchestrated local voices emerged to request the government concede, as has happened in Taiwan. This mode of influence operation is akin to *external coercion* defined above (Figure 2.1).

Second, Western democracies are most worried about Chinese sharp power penetration and authoritarian diffusion. Many are also concerned about national security and loss of technology. As of late 2020, the West has not yet reached a unified policy toward Chinese 5G equipment supplier Huawei, accused by the US government of containing security loopholes in its equipment. But several European countries, including the UK, have decided to ban Huawei to build their 5G cellular networks. The Czech Republic—at one time swayed by the Chinese businessman Ye Jianming of CEFC China Energy, who allegedly had close ties to Xi Jinping—was the first European nation to consider blocking Huawei. A scandal broke upon Ye's arrest in China on charges of corruption.[3] His case clearly shows how a country that was formerly a beneficiary of Chinese money and favors became alert to its influence work. Before Ye's arrest, there was even a report that he was seeking influential contacts inside the Beltway.[4] The coronavirus outbreaks have reoriented the decisions of the major European countries, including Germany.

Australia and New Zealand are among those states who have benefited from booming export trade with China but who are now on high alert. In the realm of media influence, China has usually used overseas Chinese communities' newspapers as a point of entry and thence gradually crept into other media groups. In 2016, Australia's discovery that recent Chinese immigrants and Chinese-invested companies were playing a role in political donations and media manipulation in favor of China came as a wake-up call for the West (Garnaut, 2018). Since then, Australia has moved quickly to enact new laws to close such loopholes. In New Zealand, one China expert observed:

> The organization most closely connected with the PRC authorities […] is the Peaceful Reunification of China Association of New Zealand […] The name of the organization is a reference to the 'Peaceful Reunification' of mainland China and Taiwan. However, the organization also engages in a range of activities which support Chinese foreign policy goals, including block-voting and fund-raising for ethnic Chinese political candidates who agree to support their organization's agenda.
>
> (Brady, 2017: 16)

The mode of influence applied to the Czech Republic, Australia and New Zealand is typically a penetration from within—the cultivation of pro-China co-operators in the target country (Figure 2.2).

The last type of influence involves geoeconomic cooperation. Developing nations have long appreciated Chinese loans and investments, even before Xi Jinping formally launched the Belt and Road Initiative. The BRI accelerated the policy of aggressive geoeconomics Beijing had embarked on in the early 21st century. By exporting capital and infrastructure, this policy attracted the Philippines,

Cambodia, Thailand, Malaysia, Myanmar, Sri Lanka, Pakistan and the like. Some of them disliked Western human rights intervention and embraced the same authoritarian values as the Chinese. Many South and Central European countries, including Greece, Portugal, Italy, Hungary, Slovakia, the Czech Republic and Poland, also set high store by Chinese capital at a time of austerity and slack economies. But in recent years, some of these countries have come to worry about China's growing political influence, as evidenced by the case of the Czech Republic.

Beijing has extended its influence in Southeast Asia along with the development of the Belt and Road Initiative. Malaysia is a typical case. Under Prime Minister Najib Razak (2009–2018), the country played the Chinese economic card and formed a triple alliance of Chinese, huaqiao and Malaysian state capital to share the profits of infrastructure and real estate construction. Najib signed with Beijing several large-scale infrastructure agreements that brought about worries over debt problems and Chinese interference. Sino-Malaysian relations thus became a focus of the 2018 parliamentary elections (Han, 2018). Mahathir Mohamad won the elections and decided to push back against China's dominance in the economy and to address Malaysia's debt woes.

Through geoeconomic measures, Beijing has elsewhere gained control of Hambantota Port in Sri Lanka, the China-Myanmar Economic Corridor and the China-Pakistan Economic Corridor. But for China, these spectacular investments and loans involve high risks and the clamoring issue of internal conflict.

2.5 Conclusion: confronting China's economic and political warfare

The world's views of China are rapidly changing. Much of China's external behaviors, once thought to be beneficial or innocuous, are now seen as clear warning signs of malign influence. Investments are suspected of technology theft and of seeking security loopholes; charm offensives such as the Confucius Institute have backfired; BRI projects in the developing world have stirred critiques of neo-colonialism. The outbreak of coronavirus in 2020 has only tarnished China's self-congratulatory image as a new model for the world. Before the West shifted its epistemological perspective, Taiwan and Hong Kong had borne such influence activities on a much broader scale than what has come to be known as sharp power and found them to pose threats to the rule of law, freedom and autonomy in both territories. Their cases provide the world with rich experience in understanding the power of Chinese influence.

We can find ample instances of 'functional equivalents' by comparing Taiwan and Hong Kong with the rest of the world. Beijing unleashed Taishang and Gangshang (Hong Kong businesspeople) to voice policies favorable to China and to arrange access to local politicians watchful at first of the CCP. In other countries, we find local business communities and newly invested Chinese companies conducting the same intrigues. The experiences of the Czech Republic reveal China's secretive and audacious workings.

Nevertheless, Beijing's collaborative devices have their limits. Its intended impact is contingent upon the response of the target polity, like a political tug-of-war. In Taiwan, a robust and unrelenting civil society has answered China with waves of collective action, such as the 2012 Anti-Media Monster and the 2014 Sunflower Movement, interrupting CCP-KMT collaboration and China's corrosive effect on democracy (Ho, 2019; Wu, 2019). In the wake of China's influence, the post-2016 DPP government has refused to accept the One-China 1992 Consensus. In the long run-up to the 2020 election, civil society expended enormous efforts in defending against China's misinformation campaign, with younger generations calling for solidarity to ward off pro-China populist mass mobilization.

Resistance has also occurred in Hong Kong. The Occupy Central and Umbrella Movement in 2013–14 demanded universal suffrage in electing the chief executive. It failed to achieve its goal, but it changed the political landscape and prepared the way for a new generation of resistance. The 2016 'Fishball Revolution', ignited by a seemingly trivial dispute between street hawkers and government regulators, resulted in a series of relentless judicial persecutions of radical nativist leaders and rank and file. Subsequently, an Anti-Extradition Movement broke out in June 2019 and continues as of spring 2020. The Hong Kong Government intended to revise the Extradition Law so that criminal suspects could be extradited to China, but instead caused deep fear and unprecedented protests. The government eventually withdrew the Bill, but too late to win back public trust or to paper over the tremendous police violence meted out. More than 9 thousand protesters were arrested during the movement; most of them were youngsters and many charged with riot. Despite the bloody crackdown, Hong Kong's people fought on, the pro-democracy camp winning an inspiring victory in district elections in 2019. In July 2020, the Chinese government imposed a National Security Law in Hong Kong, attempting to uproot social support for the movement and to cut off international connections with the democracy advocates. But the protests have persisted under such fierce oppression. Just as action begets reaction, so oppression invites resistance.

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Notes

1 'Wang Yang met with Wang Wen-shan who led a Taiwan UDN delegation', Sina, 25 May 2018. Available at: https://goo.gl/R1L8pk [Accessed 15 Dec. 2018].
2 Author's interview, February 2014.
3 'Hard-Charging Chinese Energy Tycoon Falls from Xi Government's Graces', *New York Times*, March 14, 2018, https://goo.gl/eEpYpQ, [Accessed 18 April 2018].
4 'A Chinese Tycoon Sought Power and Influence. Washington Responded', *New York Times*, Dec. 12, 2018, https://goo.gl/bDUMY8, [Accessed 20 Dec. 2018].

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Part I

Contextualizing China's influence

The comparative perspectives

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3 China's assimilation of peripheries in former Qing imperial frontiers

A comparative-historical perspective

Ho-fung Hung

The path along which the Qing Empire transformed into the People's Republic of China as a modern nation-state is perhaps the most peculiar in the world history of nation formation. While most other multinational world empires, such as the Ottoman and Austro-Hungarian empires, disintegrated into multiple culturally homogenous nation-states in their transition to modernity, China managed to transform nearly all of its imperial territory into a singular nation-state despite the cultural and ethnic heterogeneity of this geographical space.

China's transition from empire to nation is far from complete and uncontested, as the allegiance of the nation's periphery to the center is not always warranted. Since 1949, China has attempted to solve the periphery questions, most notably the Tibet, Hong Kong and Taiwan questions with the institutional design of 'one country, two systems'. This design, which is widely thought of as a 1980s invention, can in fact be dated back to the 1950s. In the early 1980s, Deng Xiaoping even elaborated explicitly that his 'one country, two systems' (OCTS) proposal was in fact based on the arrangement between China and the Dalai Lama government in 1950s Tibet (Qi 2004: 216). A legal scholar in Hong Kong even noted the striking similarity of phraseology used in the Hong Kong's Basic Law, the mini constitution that China crafted to govern Hong Kong after its return to China, and the 17-point Agreement, the document that China relied on in governing Tibet from 1951 to 1959 (Harris 2008).

In this paper, we argue that the success of OCTS requires a very delicate balance and virtuous interaction between the political center in Beijing and the elite as well as popular classes in the periphery concerned. Examining how one country, two systems failed in the way of moving toward authoritarian direct rule by China in Hong Kong and by way of losing all appeal to different political forces and the populace in Taiwan is crucial to our reflection of whether the OCTS is an evolutionary dead end or how it can be revived and maintained.

3.1 Governing the periphery: From federalism to 'One-Country, Two-systems'

In the multi-ethnic Qing Empire (1644–1911), the government relied on a system of autonomous and indirect rule to govern the non-Han peripheral regions,

committing itself to protecting indigenous sociopolitical order and religion there in exchange for the local ruling elite's allegiance to the imperial center (Woodside 2001).

This imperial notion and practice of universal empire dissipated with the collapse of the Qing Empire in 1911. The succeeding Kuomintang (KMT) regime grounded its territorial claims on the geographical coverage of the Qing Empire. But it never managed to establish direct control of the peripheral regions including Tibet and Taiwan, which was under British domination and Japanese colonial rule respectively throughout the Republican period of 1911–1949. In the period, the Chinese Communist Party (CCP), as a contender for national power with the KMT, proposed to build a new China based on a more flexible system of federal republics resembling the Soviet republics system (Schein 2000). Regarding Taiwan, the CCP even appeared to recognize its right to independence, as the well-known Mao's conversation with Edgar Snow in 1936 indicated (Snow 1968: 110).

But by the time the CCP won national power over the KMT, it had given up the idea of federalism and shifted to espouse a centralized system, under which all regions inhabited by non-Han minorities were designated as 'national autonomous regions', which enjoyed nominal autonomy but were in fact governed directly by Beijing through the CCP's chain of command according to the Common Program of the CCP in 1949 (Schein 2000: 58).

Though the CCP managed to establish direct control of most of China after 1949, it still was not capable of doing so in Tibet and Taiwan. In Tibet, the theocratic government of the Dalai Lama was still intact and the geographical barriers of the Tibetan Plateau deterred the CCP from advancing there in massive and expeditious manner. In Taiwan, the defeated KMT government succeeded to relocate there and maintained a tight grip of the Island as a protectorate of the US.

With the difficulty in establishing direct governance, China then devised the proposal of OCTS to seek the cooperation of the ruling elite in Tibet in the incorporation of the territory into the nascent People's Republic of China. How this experiment failed in the midst of CCP's leftward shift in the late 1950s was well documented elsewhere (e.g., Hung and Kuo 2010). In what follows, I reconstruct how the OCTS arrangement was proposed again to Hong Kong and Taiwan in the late 1970s and early 1980s, when the CCP turned to a more pragmatic line, and how the actual implementation of OCTS in Hong Kong and the proposal of it in Taiwan slid toward failure in the 1990s and 2000s.

3.2 Hong Kong: from OCTS to patrilineal-nationalist direct rule

British colonization of today's Hong Kong region began in the aftermath of the Opium War of 1839–42. While the colonial administrators and British capitalists, who thrived on Hong Kong's finance and entrepot trade, coalesced to form a close-knitted network of ruling elite, the colonial government was also active in co-opting the Chinese business elite, who mostly originated as contractors and

compradors of British merchant houses, by offering them honorary titles and appointed seats in government decision-making bodies. This structure of indirect rule saved the British from the trouble of governing the Chinese community directly. (Carroll 2005; Sinn 2003; Chan 1975; Chan 1991; Kuo 2006; Scott 1989: 39–65; Ngo 1999)

Facing the imminent victory of the CCP in China in the late 1940s, the British started to ponder at the possibility of leaving Hong Kong and consider a reform that established democracy and self-governance, a typical step toward decolonization in other British colonies (Tsang 1988; see also Duara 2007, Mark 2004). On the side of the CCP, nonetheless, the strategy of maintaining Hong Kong's colonial status quo and using it as a window to the outside world crystallized. After affirming China's strategy of not taking Hong Kong, the British shelved the democratic reform plan in 1952 (Tsang 1988: 151–82).

By 1982, China's determination to resume China's sovereignty over Hong Kong in 1997 at all costs had been crystal clear. To allay the fear about Communist rule among Hong Kong citizens, China indicated that it would allow Hong Kong to exercise self-governance and to continue its capitalist system. But Hong Kong's general public, with their memory about the destruction of the Cultural Revolution (and of the terrorist unrest in 1967) still vivid, was thrown into a panic mode regardless. The panic was best illustrated in the massive exodus of the rich and the professionals through emigration, plunges of the stock market and even maniacal purchase of nonperishable food by citizens anticipating unrest or war (See Xu 1993: 89–94).

Against this backdrop of popular panic, organized political forces in Hong Kong strived to devise different proposals about Hong Kong's future and garnered social support of their proposals. The entrenched leftist organizations unsurprisingly supported Beijing's policy unconditionally, emphasizing that Hong Kong's return to China was part and parcel of a national liberation process that rid China of all humiliations originating from the age of imperialism. Equally unsurprising was that both British and Chinese business elite, who had been co-opted into the colonial power structure and thriving under the government's protection of their business monopolies, supported the perpetuation of colonial rule.

In contrast to both the steadfast opposition to China's claim over Hong Kong's sovereignty among the colonial elite and the unreserved support of China's position among the leftists, a number of reform-oriented grassroots and middle-class political organizations expressed conditional support of Hong Kong's incorporation into the PRC. The most conspicuous and long-lasting of these organizations was the Meeting Point, which supported Hong Kong's return to China under local autonomy and democracy. Meeting Point's founding members were mainly service professionals (teachers, social workers, journalists) and veteran student activists sympathetic to Chinese socialism. It was active and vocal throughout the debate over Hong Kong's future in the 1980s and the 1990s before it merged with other social and political activists to form the Hong Kong Democratic Party, the flagship organization of Hong Kong's democracy movement beyond 1997. Attempting to bring democratic and social reforms by supporting the end of

colonialism and a reunion with China, the Meeting Point, and other likeminded activists, were dubbed the 'Democratic Reunionists' in the 1980s.

In response to these diverging dispositions during and after the Sino-British negotiation, China articulated a flexible nationalist discourses to expand the support for its claim of sovereignty over Hong Kong. On the one hand, it allied with the Democratic Reunionists to attack the colonial status quo and promise political and social reforms.

It is in this context that China agreed to include in the Sino-British Joint Declaration in 1984, a document that set the legal foundation for Hong Kong's return to China in 1997, an item that the post-1997 Chief Executive and the legislature of Hong Kong would eventually be generated through direct elections (Sino-British Joint Declaration Annex I, 6–7). A leading democratic activist recalled that when he learnt about this item, he 'was thrilled, because it promised that the people of Hong Kong could elect their Chief Executive and legislature and, through them, hold the government accountable to the people. To me that meant democracy' (Lee 1996: 236).

On the other hand, China also started to woo the pro-British business elite to its side by guaranteeing protection of the capitalist order and their privileges after handover. To balance the militant language of class struggle, China coined the notion of 'lousy patriotism' (mamahuhu de aiguo zhuyi), meaning that the only criteria for being eligible to become leaders in the future Hong Kong government would be patriotism in its loosest sense. Anybody showing support for Hong Kong's return to China were patriots, regardless of their political disposition in the past, and 'no matter whether they believed in capitalism, feudalism, or even serfdom' (Deng Xiaoping as cited in Qi 2004: 185–6). It is in this context that China agreed to guarantee that 'the current [capitalist] social and economic systems in Hong Kong will remain unchanged, and so will the life-style…Private property, ownership of enterprises, legitimate right of inheritance and foreign investment will be protected by law' in the Joint Declaration (Sino-British Joint Declaration, 5 [3]).

After the completion of the Sino-British negotiation in 1984, a Drafting Committee and a Consultative Committee were created to facilitate the creation of the Basic Law, the mini-constitution of the future Hong Kong Special Administrative Region. The two committees, though supervised by Chinese officials, included the Democratic Reunionists, conservative business elite, and the in-betweens, and were supposed to be the platforms where representatives from a wide range of socio-political forces in Hong Kong negotiated the social, political, and economic orders of the territory after 1997. (So 1999: 118–54; Xu 1993: 151–92)

When China's united front of patriots in Hong Kong polarized into a reformist bloc, which represented the interests of the lower and middle classes, and a conservative bloc, which represented the business elite, China, out of the fear of capital strike by the business elite, increasingly sided with the latter at the expense of the former. China supported the conservatives' proposal to limit the component of direct election in the post-1997 government and to delay universal

suffrage indefinitely. It even endorsed their opposition to a number of welfare-enhancement proposals, though these proposals were supported not only by the Democratic Unionists but also by the traditional pro-China leftists. In response, the Democratic Reunionists came to rely on grassroots mobilization to magnify their voices in the committees (So 1999: 118–54; So 2000; Xu 1993: 151–92, 414–5).

The conflict between the two blocs climaxed in the aftermath of China's failed democratic movement in spring 1989. Upon the outbreak of the movement in early spring, the Democratic Reunionists were quick to respond by mobilizing Hong Kong citizens to support the students in Beijing, in the anticipation that a victory of the Beijing students and their sympathizers in the CCP would shift the term of debate over Hong Kong's future political and social orders in their favor (Xu 1993: 363–424; So 1999: 155–82). To their disappointment, the democratic movement ended in a bloody crackdown.

After the crackdown and the full-fledged conservative turn of Chinese politics, CCP's united front in Hong Kong broke up. The Democratic Reunionists, who were not hesitant to call the CCP government a 'butcher regime', were accused by China as subversive traitors collaborating with foreign powers to topple the Chinese government. The business elite in Hong Kong, who could not wait to endorse the Tiananmen crackdown by forming the first outside delegation to greet Chinese leaders in the summer of 1989, were elevated to become the genuine patriots. The Democrats were ousted from the Basic Law Drafting Committee, where the most conservative proposals were adopted over all controversial issues. An article about anti-subversion legislation was hastily substantiated to load the future Hong Kong government with the burden of devising legislation to outlaw any organizations and activities that would threaten the Chinese government. (Xu 1993: 363–424; So 1999: 155–216; Yuan 1997: 71–100.)

After the sovereignty handover, the Hong Kong government maintained its nominal autonomy. But China never relaxed its grip over the selection of its Chief Executive and his ministers, as well as any major decisions they made. China was also anxious to deter any further democratization at different levels of representative bodies, so that the directly elected Democrats in these bodies could never gain meaningful majority. Democrats' resistance to China continued and culminated in 2003, when they mobilized half a million Hong Kong citizens to protest against the anti-subversion legislation. In response, China hardened its line and re-interpreted the OCTS concepts by asserting that its 'one country' element was the precondition for the 'two systems', not vice versa. China even attacked the Democrats' quest for universal suffrage, which was endorsed in the Basic Law as the ultimate goal of Hong Kong's political development, as a manifestation of their aspiration for 'turning Hong Kong into an independent or semi-independent political entity' (see Mingpao editorial office ed. 2004; Wong [yiu chong] 2004). In such way, the political arrangement of OCTS transmuted into a kind of indirect rule, under which China governed Hong Kong through its handpicked political leaders and co-opted elite allies. In the meantime, a campaign of patriotic education, which attempted to bring Hong Kong's education in line with the patriotic

education in the mainland and to cultivate Hong Kong citizens' allegiance to a homogenous Chinese nation, was well under way (Tse 2004).

In the aftermath of the 2003 confrontation, a spate of community movements grew to resist the demolition of colonial era buildings and neighborhoods for redevelopment by the government and developers. Organized by diverse groups of students and young intellectuals, these movements manifested a strong Hong Kong cultural identity, resentment against monopoly capital and a preference for collective direct action.

These community movements converged into the movement against the construction of the Hong Kong-Guangzhou section of the national high-speed rail system in 2009 and 2010. These movements further stimulated the anti-Patriotic education movement in 2012, when 130,000 students and parents rallied in front of the government headquarter to call for cancellation of the patriotic education program aimed at strengthening the Chinese identities of the younger generation.

In the aftermath of the anti-patriotic education, localist ideology that hinted at Hong Kong's separation from China, either culturally or even politically, spread among the youth. In a recent poll conducted by the University of Hong Kong inquiring about respondents' self-identification among a random sample of Hong Kong residents in 2016, nearly 70 percent responded that they are Hongkongese, as opposed to about 30 percent identifying themselves as Chinese. Ever since Hong Kong sovereignty was transferred from the British to China in 1997 under the OCTS arrangement, the prevalence of the Hong Kong identity has moved up and down, but the general trend has been unspeakably up (University of Hong Kong 2016).

This rising localism helped fuel the Occupation movement in 2014, when democratic activists, students, and all walks of life occupied large areas in the busiest districts of the Hong Kong Island and Kowloon for 79 days to demand universal suffrage of chief executive. After the government successfully defeated the movement without bloodshed, governmental crackdown on the democratic movement through arrest, administrative disqualifications of democratic candidates and even elected legislators escalated. This makes many start to question whether the OCTS has nothing left now but the name.

3.3 Taiwan: from supporting the opposition to courting KMT conservatives

While OCTS as an existing institution is running into crisis in Hong Kong, OCTS as a proposal made by China to solicit Taiwanese support of unification with China descended from a plausible idea to taboo from the 1970s to the 2000s.

Since the KMT government from the mainland took over Taiwan after Japan's defeat in the Second World War in 1945, it had been facing stiff resistance from local Taiwanese, and had to constantly resort to brutal state violence to maintain its rule. The open confrontation between KMT and local Taiwanese culminated in the February 28 uprising in 1947, and it ended with a bloody crackdown of the uprising and the large-scale persecution that followed.

In the 1950s, CCP attempted to tempt the KMT back to the negotiation table by suggesting a 'one-country, two-systems' solution to the Taiwan question, as documented in Mao's conversation with a 'middleman' between Beijing and Taipei in 1958:

> [After Taiwan's reunification with mainland,] he [Chiang Kai-shek] can keep his army, I won't pressure him to downsize his army and his government. I will let him practice The Three Principles of the People, he can continue to fight communism there [in Taiwan], so far as he does not send fighter plane and spy to subvert the mainland…and the Taiwan people can maintain their original way of life.
>
> (Mao Zedong's conversation with Chao Juren, 1958; cited in Xia 1997: 83–4)

Such attempts at solving the Taiwan question subsided in the 1960s and the 1970s when Cold War tension escalated. Since the late 1970s, when the Cold War in East Asia started to unravel, China had re-prioritized the agenda of unification across the Taiwan Strait, and it had kept watching the socio-political development of the Island closely. On 1 January 1979, the China's National People Congress issued 'A Letter to Taiwan Compatriots', expressing the will of the CCP to cooperate with the KMT government to achieve re-unification, as well as China's respect of the political, cultural and economic systems as they existed in Taiwan.

Besides the reinstatement of the OCTS proposal to the KMT elite, the CCP also attempted to take advantage of the rising opposition movement by establishing itself as a progressive force sympathetic with the quest for democracy in Taiwan. Later in the year of 1979, when KMT started to crack down on the opposition movement, China swiftly stood on the side of the dissidents, and the CCP mouthpieces openly encouraged Taiwan residents to support the intellectuals surrounding the *Formosa* magazine and jointly brought down KMT rule (Lin 1988).

In other words, China tried to win the hearts of the Taiwanese by hinting that unification would bring about social progress and the end of authoritarian rule on the one hand and promising high-level autonomy vis-à-vis China under a 'one country, two systems' after unification on the other. This position of China toward Taiwan resembled what was manifested in the honeymoon period of Tibet-China relations in the 1950s. Under China's projection, re-unifying with China would entail social progress, but the vested interest of the ruling elite will not be greatly jeopardized. The sympathetic disposition of China toward the opposition movement made many oppositional leaders see China as a powerful or at least potential ally. In most of the 1980s, the position of moderately nativist faction toward mainland China remained the mainstream (Liu 1998: 124–73, 196–226; Lin 2002: 76–9).

But in the late 1980s, when the CCP continued to turn to the right and when the socio-political conflicts escalated in Taiwan, China came to worry that Taiwan's opposition movement would bring grave instability to the Island, and that foreign power might make use of the instability to 'take Taiwan away'.

Under this consideration, China gradually shifted its stake toward the KMT and openly supported the continuation of the authoritarian status quo of the Island. The Central Committee of CCP, in its condolence message sent to the KMT upon the passing of Chiang Ching-kuo in 1987, expressed its wish that Taiwan would attain 'social tranquility, continuous economic development, and people's happiness', as well as CCPs' eagerness to work with the KMT to promote unification (TWZQLXZL: 537).

In 1986, the opposition movement crystallized into the Democratic Progressive Party. To avoid their different stance on the mainland from hindering the internal solidarity of the nascent party, the moderate *Formosa* faction and the radical *New Trend*, as well as their respective allies, reached a compromise by not mentioning unification or independence in the party program. As a middle ground, the program postulated that the future status of Taiwan vis-à-vis the mainland should only be determined by the residents of Taiwan themselves through referendum.

Rather than seeing this 'self-determination' program as a compromise between independentists and unificationists, the Chinese government interpreted it as a suggestion that the DPP was a homogenously separatist party. China thereafter defined it as an enemy in the quest of re-unification and further threw all of its eggs in the basket of the conservative power with the KMT. China's redoubled efforts to court the KMT, which reciprocally courted China to shore up its legitimacy as the sole political force capable of maintaining stability and peace across the Taiwan Strait, further alienated the opposition movement. Lee Teng-hui, the KMT leader succeeding Chiang Ching-kuo and with a native Taiwanese background, carefully worked with the pro-unification mainlanders still commanding political supremacy with the KMT to interact with China in good faith, resulting in the formulation of the KMT's 'Guidelines for National Unification' (*guotong gangling*) in 1991 and the '1992 Consensus' between Taipei and Beijing. They laid the framework for ultimately achieving mainland-Taiwan unification in the distant future while maintaining Cross-Strait peace and stability through normalizing Beijing-Taipei relations in the short and medium run (Cabestan 1996).

The consolidating alliance between CCP and KMT pre-emptied the space for a unificationist position available to the DPP and impelled the latter to distinguish itself from the ruling KMT by moving further to a separatist position. One consequence was the continuous empowerment of DPP's independentist faction. It in turn triggered more suspicion on the part of China on the DPP. A vicious circle comparable to the one in Tibet in the late 1950s ensued. The bloody crackdown of the democratic movement in 1989 in China gave separatists even more ammunition to demonize the CCP regime, to equate it with the unpopular KMT regime and to portray it as the ultimate threat to the freedom of the Taiwan people. The Formosa faction lost power within the party. The shifting of the DPP's stance toward separatism resulted in the revision of the party program and insertion of a new clause in 1991, explicitly stating that building an independent Republic of Taiwan through referendum is a major goal of the DPP (Liu 1998: 124–73; Lin 2002; Zhang 2000: 24–7; Wang 2005).

While the DPP completed its separatist turn in the early 1990s, China's strategy of fomenting re-unification through collaborating with the conservative power within the KMT turned bankrupt when the reformist nativist faction led by Lee Teng-hui and the unificationist conservative mainlanders within the KMT split openly. The former moved closer toward an independentist position and opened up the political system for the participation of opposition movement, garnering popular support in its struggle against the latter, who eventually lost and was ousted from KMT's corridor of power. With its allies within KMT marginalized, China lost all political leverage in Taiwan.

In 2000 and once again in 2004, the independentist DPP, under the support of Lee Teng-hui, came to power through election, and initiated a project of 'de-Sinicization', which was to cleanse Taiwan of all remnants of Chinese nationalism left by KMT rule (Wang 2004). In response, the KMT accelerated its nativist turn to try attracting the majority of Taiwan voters with increasingly pro-independence orientation. OCTS has become a taboo all across the political spectrum in Taiwan since then.

Confronting this radical separatist turn, China came to a more pragmatic stance and prioritized the prevention of Taiwan's declaration of formal independence over promotion of unification, while accelerating the economic and cultural exchanges across the Taiwan Strait. It also became relatively muted on the OCTS proposal in recent years, in comparison to the frequent mentioning of it in the 1980s.

3.4 Conclusion: from assimilation of peripheries to revival of the Sinocentric order?

China's strategies of approaching the Hong Kong and Taiwan questions at different stages manifested initial flexibility. The OCTS promise, in combination with the support of gradual and progressive social and political reforms that China offered to Hong Kong in the 1980s and Taiwan in the late 1970s and early 1980s, enabled the CCP to deal with these periphery areas in a way that did not antagonize the ruling elite there yet invoked optimism for socio-political reform among the progressive social movements. It is not an accident that Beijing's relation with these regions was relatively harmonious with the local elite and populace in retrospect during those initial periods.

But after the late 1980s for both Hong Kong and Taiwan, China's strategy of unification shifted drastically, partly as a result of the contentious interaction among different sociopolitical forces in the peripheral regions and in the political centre and partly as a result of the general change in political environment in mainland China at large.

For Hong Kong, the 1989 crackdown and the Hong Kong democratic and Chinese nationalist movements denouncing the crackdown led to their expulsion from China united front. Starting in the 1990s and accelerating after the sovereignty handover in 1997, China has been stepping up its efforts to marginalize the democrats in the political system. The hardening of China's stand on the

opposition, China's increasing direct intervention into Hong Kong's politics and society under a thin veil of the HKSAR government, as well as the radicalization of the opposition and the rise of separatist quests among the younger generation are pushing the OCTS experiment to the brink.

For Taiwan, China abandoned the social reform agenda and the increasingly popular social and opposition movements that struggled for it, and leaned one-sidedly toward the KMT ruling elites in the late 1980s. After this strategic shift, OCTS became just another phrase for the perpetuation of the authoritarian status quo of the Island, as well as the continuous dominance of KMT mainlanders. Confronting the subsequent hostility and increasingly pro-independence proclivity of the abandoned social movements and opposition forces, China further distanced itself from them, and they came to be portrayed as malicious traitors of the Chinese nations manipulated by evil imperialist forces.

This chapter shows that though OCTS can be a feasible institution maintaining the unity of China as a diverse nation, its viability requires a delicate balancing act of the political center, and can easily be jeopardized in the unpredictable interaction between China and the elite as well as popular political forces in the peripheries.

The interaction, however, became more precarious as China's drive to pursue absolute control over the peripheries kept increasing from Deng through Xi. In 2014, Beijing published a White Paper on Hong Kong that explicitly states that the 'one country' component should trump the 'two systems' part in the OCTS arrangement. The Peking University legal scholar Jiang Shigong, widely believed to be the architect behind the White Paper, is illustrative of the new thinking of the Chinese state regarding Hong Kong and other periphery states beyond China. Jiang was not shy from claiming that the arrangement is incapable of tackling the most important question regarding China's sovereignty over Hong Kong, that is, the question of Hong Kong people's identity. He suggests that the solution to this question has to be sought through political and ideological rather than legal means, and Beijing has to think beyond the OCTS framework in its endeavor to transform all Hong Kong residents into true Chinese patriots. Short of that, China's sovereignty over Hong Kong can only be formal and never substantive. What he discussed presaged Beijing's increasingly direct intervention into Hong Kong politics in recent years. (see Hung 2014)

To Jiang, the Chinese empire, which reached its heyday in the Qing times, was grounded on a radiation of Confucianist civilization and successive incorporation and transformation of its periphery zones into its core territory. For newly incorporated regions with distinct customs and leadership, the Qing emperor would allow the local elite to exercise local autonomy, but not for long. Over time, they would be integrated into the core territory of the empire, being culturally assimilated and having their local autonomy abolished. Then the empire would move on to incorporate other new territories. The PRC's incorporation of Hong Kong, as well as the prospective assimilation of Hong Kong and incorporation of Taiwan, illustrates the revival of a similar imperial expansion of China in the 21st century. What Jiang implies is clear. Hong Kong's OCTS is just a tactical and transitional

arrangement. What awaits Hong Kong is what Tibet has seen since 1959: forced assimilation and tight direct control by Beijing. The end point of this expansion would be a contemporary revival of an imagined premodern Sino-centric tributary system in Asia and beyond (see Hung 2014; see also Wang 2017; Perdue 2015).

When the 'One Country, Two Systems', as an actually existing institution in Hong Kong and as a proposal to Taiwan, are being pushed to the brink in both places, it is time to reflect upon how to save the OCTS as a project to integrate formerly Qing territories into the People's Republic of China, or more fundamentally, on whether it is a project that is saveable at all.

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4 Peripheral nationalisms of Taiwan and Hong Kong under China's influence

A comparative-nationalism perspective[1]

Wu Rwei-Ren

A stable geopolitical structure that could be characterized as common periphery of multiple centers has slowly emerged in the island peripheries of Northeast Asia since the early modern era: the borderlands between multiple empires have long experienced domination simultaneously or successively by different empires. The historical formation of this geopolitical structure has created five peripheral political subjects: Okinawa, Taiwan, North and South Koreas and Hong Kong. Okinawa underwent dual tributary relations to Japan and Qing, incorporation into Japan, and dual subjection to the United States and Japan since the end of WWII. Taiwan had experienced since the 17th century the rule of the Dutch East India Company (VOC), Koxinga regime, Qing Empire, Japanese Empire, the Kuomintang (KMT) from Nanjing, émigré KMT under the US protection during the Cold War, and now it is under the hegemonies of both the US and the People's Republic of China (PRC).[2] The Korean Peninsula endured the imperial competitions among Qing, Russia and Japan at the turn of the 20th century, the Japanese rule, partition under the hegemonies of the US and USSR during the Cold War and the current partition deeply shaped by the structural conflict between the US and PRC. Hong Kong was ceded to Britain by Qing in 1842 and was handed over to the PRC in 1997. Repeatedly incorporated into and torn away from various empires, these five peripheries may well be called 'fragments of/f empires'.

The situation of being caught between empires gave birth to a consciousness of political subjects in these territories but also prevented—and still prevents—its completion. In Gellner's (1983: 94) words, all five fragments of/f empires have been placed in a nationalism-engendering situation. However, the structure of division on the Korean Peninsula seems relatively stabilized since both Koreas are integrated into the United Nations.

What concern us here are the two cases whose sovereign statehood is either absent or problematic: Hong Kong and Taiwan. Hong Kong has become an internal colony of China since handover, ruled indirectly through a local collaborator regime. In between stands the independent Taiwan nevertheless excluded from the UN and placed awkwardly under the competing hegemonies of the US and PRC. In both cases one witnesses a similar structure of center-periphery conflict and the rise of a polity-seeking or polity-upgrading nationalism from

the periphery (Brubaker, 1996: 79). This paper is a preliminary comparative analysis of these two polity-seeking nationalisms that emerged in the contiguous peripheral areas—the overlapping 'spheres of influence' of contending imperial centers.

4.1 Peripheral nation-formation in Taiwan and Hong Kong: from colony to nation

4.1.1. Taiwan: a process from fragmentation to integration

The formation of Taiwan as a modern political subject is a process during which a colony was transformed into a nation. This process can be analysed from the perspective of both society and state. Societally, Taiwan's social history, characterized by wave after wave of incoming settler groups from various parts of southeastern China since the 16th century, has been a process from fragmentation to integration. It was on a newly integrated social basis that a modern nationalism first emerged in the 1920s. On the level of the state, successive colonial regimes since the 17th century resulted in a salient discontinuity in Taiwan's political history, but the institutional accumulation from state-building projects of successive colonial regimes inadvertently brought about the formation of a Taiwanese state. The three analytically different processes of social integration, nationalism and state-formation intertwined and converged uneasily but progressively along the turbulent 20th century, which was further deepened in the democratization of the 1990s, eventually shaping the configuration of the contemporary Taiwanese nation-state. This is a territorially well-defined and institutionally consolidated state whose democratic institutions are day in day out reproducing—practising *de facto* 'daily plebiscite', as it were—the Taiwanese people as a civic nation.[3]

Although a distinct Taiwanese national identity has been largely formed among the citizens, some symbolic dimensions of this national identity are still under debate. Since the loss of UN membership in 1971, moreover, Taiwan's sovereign statehood has been unstable in international laws and it has sometimes been categorized as an unrecognized state (Casperson, 2012). It should also be noted that the formation of the Taiwanese state during the Cold War era was largely accomplished under the protection of US hegemony. In a sense, Taiwan had been an exclusively US protectorate up until 2008, when KMT retook the regime and initiated a pro-China policy that led to the increasingly strong influence of China over the island. For all these imperfections, however, Taiwan should be understood as a maturing nation-state.

4.1.2. Hong Kong: short-term and long-term structural causes

The spectacular rise of Hong Kong nationalism since 2011 is a macro-historical-sociological phenomenon that can be explained by both short-term political factors and long-term structural causes.

4.1.2.1. Short-term cause: Beijing's aggressive official nationalism

There is little doubt that the short-term factor causing the rise of Hong Kong nationalism was the tightening control of the new metropole in Beijing over Hong Kong since the handover of 1997. Seen from the theoretical model of Brass (1991: 279), the China-Hong Kong relationship after 1997 was a situation where a centralizing state penetrated into the new peripheral territory and threatened the pre-existent identities and interests of the peripheral society. This is a typical situation that gives rise to ethnic and nationalist mobilization in the periphery. Therefore, the rise of Hong Kong nationalism can be understood as a reaction of Hong Kong residents against the new metropole's attempt to control Hong Kong.

On the surface Beijing has followed the 'one country, two systems' policy faithfully since 1997, but in effect it never stopped trying to integrate Hong Kong with the mainland, for Beijing realized that the ambiguity embedded in the term 'one country, two systems' could be manipulated by the Hongkonger to pursue a higher degree of autonomy. Indeed, from the very beginning Beijing and Hong Kong have understood 'one country, two systems' differently. The former sought 'one country', i.e., the eventual realization of a unitary state, and the 'two systems' was nothing but a brief transitional phase towards 'one country' to be closely monitored. The latter aspired to a permanent 'two systems', i.e., devolution and autonomy in which 'one country' was nothing but a rooftop for a federalized China. This divergence of interpretation lies not only in the built-in centralizing tendency of the Chinese state but also in Beijing's lack of understanding of the historical formation of Hong Kong identity.

'One country, two systems' did set limits on the invasion of the metropolitan state power, but Beijing could still employ multiple measures to control the periphery. Politically, the most important move was to obstruct the Hong Kong people from realizing direct and popular elections of the Legislative Council and Chief Executive, thereby preventing the city people from becoming a truly self-governing community during the transitional phase of 'two systems'. A related move was to create a group of native collaborators to be the instrument of indirect rule. Socially, Beijing has been seeking to 'Sinicize' Hong Kong's population by unilaterally sending mainlander immigrants into the city. This is a classic strategy of controlling colonies by the metropoles seen in East Turkistan and Tibet under Chinese rule, Algeria under French rule, and Taiwan and the Korean peninsula under Japanese rule. Moreover, Beijing even planned to absorb Hong Kong into the Zhujiang Delta of Guangdong Province by the mutual relocation and mixing of populations between China and Hong Kong in the name of regional development, thereby depriving whatever uniqueness the cosmopolitan city may have possessed.

Economically, the new metropole has managed to co-opt Hong Kong's capital class and induced a gradual economic dependency of the city on China (Fong, 2014). Last but not least, Beijing tried to 'conquer the soul' of Hong Kong people through ideological control. The rapid shrinking of Hong Kong's freedom of the press in recent years and the plan to implement patriotic 'national education' in

2012 were two salient examples. The fact that Hong Kong's autonomy in political, social, economic and cultural spheres has been progressively eroded under the supposed protection of 'one country, two systems' illustrates the active penetration of Beijing's state power into the city frontier.

All in all, Beijing has been adopting a gradual assimilationist official nationalism whose ultimate goal is to dissolve Hong Kong's uniqueness and absorb it into a unitary Chinese state. This aggressive state- and nation-building had tremendous impact on the preexistent patterns of resource allocation, social institutions, value systems and cultural identities of Hong Kong and therefore were bound to trigger resistance from the local society. The ethnic conflicts between Hongkongers and Chinese tourists and immigrants gradually surfacing since the SARS crisis in 2003, the emergence of various discourses of nativism/localism and the eventual rise of Hong Kong nationalism were all reactions of Hong Kong society to the perceived threats brought about by the invading metropole. As Brass would predict, the centralizing state's invasion into the periphery did threaten the interests and identities of the periphery and trigger ethnic and nationalist mobilization.

4.1.2.2. Long-term cause: the formation of a Hong Kong people

The Chinese official nationalism after 1997 stimulated the rise of Hong Kong nationalism, but this was a defensive nationalism arising on a preexistent social base—on a Hong Kong society that had formed a Durkheimian organic solidarity, which may well be understood as the prototype of a Hong Kong nation. The formation of this proto-national community is the historical-structural cause behind the rise of Hong Kong nationalism.[4]

We can analyze, *à la mode* Taiwan, the formation of the Hong Kong community from state and society too. On the level of the state, the 150 some years of mostly continuous and stable rule of the British colonial government created the institutional form of a quasi-sovereign territorial state coterminous with Hong Kong, Kowloon, Lantau Island and New Territories. Although the UK had never granted Hong Kong the status of dominion, it did endow the Hong Kong government with high administrative and financial autonomy after WWII. The colonial government was able not only to make social and economic policies on its own but also to enter international organizations with an independent status and establish trading offices all over the world. Under the British rule, Hong Kong had independent systems of laws and civil service, as well as independent currency, passport, postal service, customs, country code of international telecommunication and the right to enter treaties with sovereign states. This quasi-state of Hong Kong lacked the legislative body of a full-fledged British dominion and did not grant Hong Kong residents the right of self-government. However, it did deeply integrate them into what Charles Tilly (2007) called the 'network of public politics' of modern state, connecting them with the Hong Kong (quasi-)state and turning them into citizens of Hong Kong. In this sense, the term 'citizen' refers not only to the resident of a city but also to a sovereign member of a polity. Moreover, the process of integration into the network of public politics created not only

individual citizens but also citizens as a whole, who shared common rights and owed obligations to each other—i.e., a citizenry.

Societally, as the nearest destination of immigrants and refugees from China, Hong Kong experienced a protracted process of social integration and indigenization. Moreover, the geographical proximity to the mainland meant that Hong Kong was highly susceptible to the turmoil of Chinese politics, which made integration and indigenization more difficult. Still, the population structure of Hong Kong began to stabilize after the last wave of large-scale immigrants from China in 1949. After the left-wing riot of 1967, as a more mass-based native Hong Kong identity was emerging, the British colonial government began to embark on policies of identity building. The 1970s and 1980s witnessed the most crucial and steady period of indigenization and the formation of a Hong Kong identity.

The development of state and society in Hong Kong described above lay the foundation for the subsequent formation of a Hong Kong proto-nation: an institutional framework of a quasi-sovereign territorial state linked with a citizenry, the indigenization of immigrants, social integration and the eventual formation of a mass-based Hong Kong identity. What Abbé Sieyès described as a civic nation with common laws and institutions seems to be all there, with one missing link: democratization. To borrow Cheah's (2003) concept, democratization is the key task of decolonization that connects society and state and turns the citizenry into an authentic community capable of forming collective will, thereby 'organicizing' the colonial state into the Hongkonger's own state. Geopolitically constrained and myopic, the British colonial government did not begin to democratize Hong Kong until the Sino-British negotiation was under way in the mid-1980s. But it was too late for any meaningful project of empowering the people, and the last but most critical political engineering of forming a self-governing Hong Kong community was left uncompleted, sowing the seed of today's discontent.

4.2 Peripheral nationalist mobilizations in Taiwan and Hong Kong: forms, ideologies and strategies

4.2.1. Taiwan nationalism

Through inheriting and transforming the colonial state (the émigré Republic of China on Taiwan), Taiwan has largely achieved internal decolonization and *de facto* independence. At present Taiwan's independence and its nationalism are manifested on three different levels. First of all, the institutional existence of an independent state is expressing and reproducing daily the independence of Taiwan. Secondly, the democratic institutions are constantly expressing and reproducing Taiwan's independence through the daily functioning of self-government. Thirdly, nationalism as an organized movement is manifested both in the political society (the ruling Democratic Progressive Party, DPP and the newly formed New Power Party, NPP) and in a vibrant civil society that has been defending Taiwan from neoliberal globalization and China's economic penetration. The Sunflower

movement in the spring of 2014 was none other than an outbreak of Taiwan's civic nationalism.

Taiwan nationalism has been from its inception in the 1920s what Michael Hechter (2000) calls a periphery nationalism resisting the invasion of a centralizing state. The two waves of early Taiwan nationalism in the 1920s and 1950s were typical anti-colonial nationalism in reaction to the successive colonial rule of the Japanese and the Chinese KMT. The subsequent wave of Taiwan nationalism was born of the democratic movement of the 1970s and reached the 'moment of arrival', i.e., achieved decolonization through democratization in the 1990s and obtained its state form. Now Taiwan seeks mainly to defend its *de facto* independence from the annexation attempt of China, an external geopolitical center. Taiwan nationalism in the present form is therefore anti-imperial rather than anti-colonial in nature. Furthermore, it does not seek to secede from a larger state since Taiwan already enjoys exclusive control over its territories. Deeply shaped by the history of postwar democratic struggle that had strived to build a cross-ethnic coalition, Taiwan nationalism is largely political and defines the nation in civic and territorial terms.

Taiwan nationalism adopted an 'inside out' line of decolonization: achieving internal decolonization and *de facto* independence by way of democratizing and inheriting the colonial ROC state, and in so doing inheriting the 20 some states with diplomatic relations with ROC (Wu, 2002: 196–218). The goals of this stage have been by and large accomplished, but the goal of next stage, i.e., to realize *de jure* independence and join the UN, has made little progress due to the PRC's obstruction.

With a radically different ethnic structure, Taiwan is unable to copy the aboriginalist strategy of Ryukyuan nationalism. First of all, the indigenous Taiwanese only account for 2.1% of Taiwan's population, whereas the putative descendants of Han settlers constitute an overwhelming majority. It is impossible for the Taiwanese people to obtain recognition of nationhood from UNPFII (United Nations Permanent Forums on Indigenous Issues) by positioning themselves as an indigenous people. For Taiwan, the progressive significance of indigenous peoples is mainly internal. The existence of indigenous peoples forced nationalists to reconfigure the idea of Taiwanese in a multicultural way so that it was de-racialized and became a civic-territorial category allowing for multiethnic alliance. Through the mediation of indigenous peoples, the relatively late-arrived settlers were also able to deepen their historical connection with the land of Taiwan. Such reversed symbolic assimilation was an integral part of Taiwan's decolonization and democratization. It could also be understood as a strategy to rebuild the legitimacy of Taiwan nationalism originated in settler indigenization and thus tainted with its own colonialism. Perhaps we can call it a strategy of internal aboriginalism. Many Latin American countries with substantial indigenous populations also adopted a similar strategy.[5]

Ryukyu's experience in appealing to the UN cannot be reproduced in the Taiwanese case either. As mentioned above, the strategy of seeking to establish an independent state by joining the UN is fatally constrained by hostile geopolitical

situations. Nothing better illustrates the UN's role as a state-certifying organization than the long experience of humiliation of Taiwan by the UN Secretariat under Chinese pressure. This is not likely to change in the foreseeable future. As Perry Anderson (2004) argued, China will neither allow the secession of Tibet, East Turkistan and Inner Mongolia nor abandon its plan to seize Taiwan because it understands itself as a nation-state instead of an empire. Faced with the rise of China, the United States has been maintaining a line of strategic ambiguity forcing Taiwan to stick with the 'status quo'. The road to the UN for Taiwan is thus sealed tightly for now.

4.2.2. Hong Kong nationalism

Based on Gellner's definitions (1983), we can observe three aspects of Hong Kong nationalism: popular sentiment, ideology and organized movement. As a popular sentiment, Hong Kong nationalism is expressed in an increasingly strong Hong Kong identity among residents of Hong Kong. According to the surveys of the Public Opinion Programme of the University of Hong Kong (HKU POP), an average of 40% of Hong Kong citizens have been steadily identifying themselves as exclusively Hongkonger since 2011. Those who identify themselves as exclusively Chinese have dropped to less than 20% in 2015 (HKU POP, 2015). The progressive strengthening of Hong Kong identity is most salient among younger generations. According to the survey done by the student magazine *Undergrad* published by the Student Union of Hong Kong University, 48% of the interviewed students regarded themselves as belonging to the 'Nativist/Localist' camp on Hong Kong's political spectrum whereas 15% chose the 'Greater China' camp. When asked about the polity most suitable for Hong Kong, 15% of the interviewees replied Hong Kong independence although most (68%) opted for 'one country, two systems'. When asked if a referendum is held to decide whether Hong Kong should be independent without Beijing's recognition, 37% would vote for independence. When asked the same question under the condition that Beijing granted recognition, those who would vote for independence escalated to 42%, exceeding the 41% of those who said no (*Undergrad* February, 2014: 20–21). A similar survey done by *Undergrad* in 2015 showed a remarkable growth of independence-minded students: 28% for independence as the most suitable polity, 51% for independence without Beijing's recognition, 64% with recognition and 62% agreed Hongkonger constituted a distinct nation (*Undergrad* February, 2015, 5–7).

As an ideology, Hong Kong nationalism has grown into a well-formed structure that consists of four major discourses in a short span of time. First of all, there is the discourse of Hong Kong city-state of the political polemicist and folklorist Chin Wan, whose argument is articulated in his iconoclastic Discourse on the Hong Kong City-state and other related works (Chin, 2011; 2014). The second is the discourse on the national self-determination of Hong Kong proposed by the abovementioned special issue of the student magazine *Undergrad* (Feb2014), later expanded and published in a book form during the Umbrella Revolution,

straightforwardly titled *On the Hong Kong Nation*.[6] The third is the discourse of Hong Kong national history of Sing Yan Tsui, a non-academic historian (Tsui, 2014; 2015). The fourth is the discourse of Hong Kong's internal self-determination that pursues permanent autonomy within China. The architect of this pragmatic nationalism is the political scientist Brian Chi Hang Fong, and its argument is laid out in the *Discourse on Reforming Hong Kong* edited by Fong (2015). With different styles, theoretical justifications and strategies, the four discourses proposed sophisticated arguments for Hong Kong's political subjectivity.

As an organized movement, Hong Kong nationalism has entered the phase of party-formation and electoral politics. Chin Wan organized his followers into the Hong Kong City-state Autonomy Movement in 2011 but later reorganized it into the Hong Kong Resurgence Order. Recently, he has been working closely with Raymond Wong (Yuk-man), a populist Legislative Council member and Wong Yeung Tat, the leader of the nativist group Civic Passion that was highly active during the Umbrella Revolution and the protests against Chinese parallel traders who exploited visa rules to buy stocks of tax-free daily necessities in Hong Kong and resell them on the mainland for a profit. Together they formed a conservative wing of nativists known as 'the city-state faction' and declared recently united candidacy for the 2016 Legislative Council election (Passion Times Editorial Team 3026). First articulated by the elite students of HKU, the discourse of Hong Kong national self-determination has not only grown into broad-based student nationalism but also prompted political-minded young activists to organize along the nationalist line. By now at least three political parties have openly adopted the doctrine of national self-determination: Youngspiration, Hong Kong Indigenous and Hong Kong National Party. With the announcement in April, 2016 of the 'Resolution on Hong Kong's Future', drafted by Brian Fong and Max Wong and co-signed by 30 young activists from the pan-democratic camp, including two elected politicians from the Civic Party, the milder line of internal self-determination is searching for its political form. Whether these nascent nationalist groups and parties will grow into more mature parties of parliamentary nationalism like the Scottish National Party (SNP), Parti Quebecois and Taiwan's DPP remains to be seen.

It should also be noted that while Hong Kong nationalists are organizing in various forms, they share a common social base of the younger generations. Historically many nationalist movements were initiated and led by young intellectuals, such as the Young Italy and Young Ireland movements of the 19th century and Burma's Young Men's Buddhist Association, Malaysia's Kesatuan Melayu Muda and Taiwan's Tâi Oân Chheng Liân in the anti-colonial nationalism of the early 20th century (Anderson, 2006). With a similar generational trait, Hong Kong nationalism may well be called a 'Young Hong Kong' movement.

Chin Wan's creative discourse on the Hong Kong city-state[7] is a variant of minority nationalism. Avoiding the language of nationalism, Chin borrowed instead the vocabulary of civic republicanism to justify his argument for Hong Kong's autonomy. However, his civic republicanism is based on a curious but spurious historical argument: Hong Kong is a contemporary form of city-state

or polis, i.e., the historical locus where civic republicanism was born. In other words, Chin connected the history of Hong Kong as a colonial trading post to the forms of the state before modern sovereign states, i.e., to the Greek city-states of the classical antiquity and the free cities of mediaeval Europe, thereby inventing a genealogy of city-states that spanned from ancient Greece, Renaissance Europe to modern 'colonial city-states'. In doing so, he appropriated the self-governing tradition of free cities for the colonial city of Hong Kong that did not have such a tradition. Simply put, Chin invented a tradition of self-governing city-states to justify Hong Kong's self-government. Based on this historical argument, he then turned the civic virtues originally regarded by civic republicanism as preconditions for republican regimes into the criteria for defining a Hong Kong identity. This way, 'Hongkonger' became a political category based on civic values rather than descent.

One should not forget that Chin's republican theory was supported by a cultural theory that depicted Hong Kong people as the true heir to the classical Chinese culture (*huaxia*) whereas the Chinese under PRC rule had degenerated into barbarism due to the contamination of communism and capitalism. Seemingly paradoxical, this argument was in fact an oft-adopted strategy among culturally assimilated peripheral peoples who sought to differentiate from a declining centre. The thesis of Kai Hentai (Reversion between China and the Barbarians) in Japan and the Sojunghwa (little China) thought in Korea emerging after the Manchu conquest of Ming in 1644 were two classical examples (Itō, 2008). Another example was the American revolutionaries who pursued independence from England out of a commitment to the true English value of liberty (Greenfeld, 1992: 412–13).

Chin described his theory as a work of realpolitik, since he did not support Hong Kong independence, and the purpose of Hong Kong's self-government was to defend Hong Kong's own tradition rather than challenge China's sovereignty. And yet the discourse of city-state is nationalism in disguise. Premised on a preexistent Hong Kong civic nation and an implicit acceptance of the norm of sovereign nation-state, Chen's theory operated within the epistemic framework of what Suny (2001) calls the discourse of the nation. The strategies of choosing a premodern political form and claiming the authenticity of Hong Kong's Chineseness suggested a nostalgic vision of a culturally defined and politically decentralized ancient order (*Tianxia*), but in fact it was more likely to be a calculated move to avoid a direct clash of Hong Kong and China when both are defined in national terms. A return to the ancient order is simply too utopian to fit into his or any scheme of realpolitik.

In contradistinction to the twists and turns of the Hong Kong city-state, the national self-determination proposed by the *Undergrad* was explicit and straightforward.[8] The title of the special issue 'Hong Kong Nation Determines Its Own Destiny!' transgressed the boundaries of the political imagination of Hong Kong people and opened up the Pandora's box, thereby making the unthinkable thinkable. This is an invocation for action by political rhetoric. 'What's in a name?' uttered Shakespeare. To give oneself a name is the first step to invoke the nation. But in addition to the act of self-naming, the young theorists of the *Undergrad*

also took great pains to portray their ideal Hong Kong nation. First of all, Hong Kong was to be a progressive political community. Quoting David Miller, they argued that the existence of a Hong Kong nation with well-defined boundaries was the premise for distributive justice because limited resources cannot be stretched unlimitedly and only the fraternity and trust among members of the nation can generate a will for redistribution. This was a direct reaction to the erosion of Hong Kong's social welfare caused by the PRC's policy of unilateral immigration policy.

Secondly, the historical formation of the Hong Kong nation was one of gradual differentiation from China. Quoting *Imagined Communities*, the young nationalists argued that Hong Kong identity was first formed among Hong Kong's Chinese elite (the counterpart of Anderson's bilingual colonial elite of the last wave nationalism) at the turn of the 20th century. Through a series of historical experiences of interacting with China thereafter, a Hong Kong identity with a popular base gradually came into being. After the shock of the Tiananmen massacre of 1989 and Beijing's increasingly aggressive intervention into Hong Kong since 1997, the majority of Hong Kong people had finally reached a political consensus of 'Based in Hong Kong; United against the CCP'.

Thirdly, the Hong Kong nation is a distinct cultural community. Quoting Anderson's notion of print capitalism, they argued that the new media of movie, television and music functioned as print in earlier times in transmitting a Cantonese-based popular culture to the residents of the city, thereby forging a common Hong Kong identity and differentiating Hongkonger from mainlanders. Lastly, they argued as a nation the Hongkonger naturally possessed the right to self-determination and should establish its own sovereign state. Quoting again Anderson's subjective definition of the nation as imagined community, they distinguished nation from race and maintained that Hong Kong people had formed a community of common psychology, of which the crucial characteristic was an aspiration to be far away from the CCP-dominated China.

One observes in the discourse of Hong Kong national self-determination outlined above several characteristics. First of all, it is a discourse of civic nationalism. The Hong Kong nation is defined by common destiny, common political and social institutions, common psychological traits and common values instead of race. These young theorists did emphasize their common Cantonese heritage, but this linguistic heritage, like the Hong Kong values they cherished, was learnable and essentially open. This open discourse of civic nation is in contrast to Beijing's official doctrine of an ethnic Chinese nation of common descent. Secondly, the Hong Kong nation is a modern construct formed through historical processes. This reflexive self-knowledge of the young nationalists forms another stark contrast to Beijing's essentialism. Thirdly, the concern with distributive justice reveals an influence from the left, meaning the traditional left-right framework can no longer precisely grasp the nature of this nascent nationalism.

All mature nationalist ideologies contain a narrative of national history, a 'biography of the nation', as Anderson (2006) would say, to instill in the people a historical consciousness that helps structure and form their identity as well as

motivates, mobilizes and guides their actions of nation-building. The articulation of a Hong Kong national history by Sing Yan Tsui marked the maturity of Hong Kong nationalism. He outlined a trajectory of Hong Kong's national history in his *The History of Hong Kong in 12 Books* (2014), which profoundly shaped the historical thinking of the student nationalists of Undergrad. Then he went on to elaborate on this basis a full narrative of the history of a Hong Kong nation in his *A National History of Hong Kong* (2015), the first ever written national history of the Hong Kong people.

Tsui argued that the Hong Kong nation was originated in the subaltern peoples living at the Southeastern margin of the Chinese empire, such as the southern Baiyue natives inhabiting the Canton area, Hakkas and anarchistic ocean pariahs like Tankas (boat people) and pirates from the Min-nan area. Largely outside the reach of the state, these subaltern peoples had long been distant from and at times antagonistic to the Chinese empire, and they had been incorporated into the British Empire before China was transformed into a modern nation-state. From this unique geopolitical position of 'outside but beside China' unfolded a protracted historical trajectory of ethnic amalgamation and nation-formation out of which a Hong Kong national consciousness finally emerged in the 1970s. However, the nascent national consciousness was unstable because the same geopolitical position constantly brought disruptions from China.

Tsui's thesis of the non-Han multi-ethnic origin of the Hongkonger reminds one of Smith's (1986) idea of the ethnic origins of the nation: the four pioneering ethnic groups, sharing a certain commonality of the non-Han southern Baiyue natives, may well be seen as constituting the ethnie of the later Hong Kong nation. One political implication of this discourse is that it redefines the national culture of Hong Kong as a hybridity that is multiethnic, pluralistic and contains substantial non-Han elements, which forms a stark contrast to Chin Wan's thesis of Hong Kong as the authentic cultural China. In fact this is the first serious attempt to subvert the deep-rooted Chineseness of Hong Kong people's cultural imagination; it also reflects a parallel discursive strategy of aboriginalism that we observed in Taiwan.

Under the increasingly centralizing 'one country, two systems', nationalists were often forced to engage in a protracted war of position rather than a frontal assault of war of movement in their efforts to construct Hong Kong's autonomy. *The Discourse on Reforming Hong Kong* edited by Brian Fong was a classical attempt at war of position (Fong, 2015). In order to search for a feasible political line within the system, he and his co-authors had to tone down, dilute and bypass some of the more explicit rhetoric and positions freely expressed by the student nationalists.

The Discourse on Reforming Hong Kong contained a Hong Kong nationalism disguised as Hong Kong self-government. The kind of self-government that the authors envisioned was not local self-government but self-government of national minority within a larger state, and the Hong Kong-China relation they portrayed was not local-national but state-to-state or dependency-to-metropole. They referred to Hong Kong as a self-governing community instead of a nation,

but they kept making an analogy between Hong Kong and stateless nations such as Catalonia and Scotland in arguing for Hong Kong's self-government. They did not call Hong Kong a state, but they cited the experiences of Switzerland and the Netherlands in dealing with powerful neighbours in their discussion of how Hong Kong should engage China. By way of analogy, the Discourse hinted at Hong Kong's nationhood, stateness and self-determination without invoking the notions of nation and state, thereby constructing a theory of nationalism without nation. The 'permanent self-government under one country, two system' they proposed was none other than a form of federacy, a region-specific asymmetric federal arrangement (Stepan et al., 2011). In the recent 'Resolution on the Future of Hong Kong', Fong officially named this line 'internal self-determination', a technical term taken from international laws to describe the form of self-determination of national minorities short of pursuing independence (Fong and Wong, 2016).

4.3 Conclusion: no one is an island…

It is time to make some preliminary comparative observations based on the previous discussion. The cases of Taiwan and Hong Kong are periphery nationalisms that emerged in the contiguous and sometimes overlapping borderlands of three contending powerful states present in Northeast Asia— China, Japan and the United States. They are all seeking or seeking to upgrade a polity of their own. And they are neighbours geographically if not geopolitically. These facts form the basis for our comparison.

Let us first look at the differences. First, Taiwan nationalism has been integrated into state institutions, whereas Hong Kong is a typical case of stateless nation. Second, the strength of nationalism in both cases varies greatly. Taiwan demonstrates stronger nationalism with ideological sophistication thanks to its relatively longer history, whereas Hong Kong nationalism, albeit rather strong as a popular sentiment, is still nascent as an organized movement and its ideology still thin.

Still, there are fundamental similarities that reflect a common structural situation. First of all, both cases share a same pattern of nation-formation that Smith (1991: 100–110) characterizes as 'colonies into nations'. Secondly, the political and geopolitical colonial (center-periphery) structures within which these nation-forming processes took place continue to produce situations conducive to further nationalist mobilization. Considered together, therefore, the rise of nationalism in Taiwan and Hong Kong should be understood as a macro-historical sociological phenomenon caused by both the short-term penetration from centralizing colonial and geopolitical center(s) that triggered nationalist mobilization in the periphery and the long-term process of peripheral nation-formation that created the social basis for mobilization.

Both cases also demonstrate some other traits of anti-center peripheral nationalism. For one thing, one observes in them a common ideological strategy of aboriginalism or indigeneity, although the functions of indigeneity in each case vary. In Hong Kong, indigeneity was used to differentiate periphery from the center, as shown by the non-Han narrative of national origin by Sing Yan Tsui. In Taiwan,

indigeneity was used to rebuild the legitimacy of Taiwan nationalism with a settler origin. The differences result mainly from the specific ethnic structure in each case, but together they reflect a recent global trend of postcolonial reflection and indigenous empowerment. For another, the differentiation between a radical secessionist line and a pragmatic autonomist line often seen in minority nationalism (Snyder, 1982) has appeared in Hong Kong. A similar differentiation between radical and pragmatic nationalism is observable in Taiwan too, but in the form of division between maintaining *de facto* independence and pursuing *de jure* independence.

Last but not least, both cases are located at contiguous territories—the southern end of Northeast Asian coastal periphery. They are respectively under the domination of different imperial center(s)—Taiwan under the US, Japan and China, and Hong Kong under China and the US. The geopolitics among the three imperial centers has been shaping and will continue to shape the trajectory of both nationalisms.

Nevertheless, the interactions on the societal levels should not be underestimated. The Umbrella Revolution in Hong Kong was partly inspired by the Sunflower Movement in Taiwan, and there are already Hong Kong student nationalists seeking alliance with their Taiwanese counterparts after the movements. The remarkable victories of the pro-independence DPP and NPP in 2014 and 2016 elections have further inspired young Hong Kong activists to enter electoral politics and form nationalist and autonomist parties.[9] What would happen—0or what is happening—when the two peripheral nationalisms begin—or began—to make friends with their neighbours in spite of obstacles created by the realpolitik of the states? This is as much a practical question as it is a theoretical one, and we must watch closely the further unfolding of this dangerously exciting History.

Notes

1 This chapter was reprinted/reproduced with permission from 'The Lilliputian dreams: preliminary observations of nationalism in Okinawa, Taiwan and Hong Kong' by Wu Rwei-Ren, 2016, in *Nations and Nationalism*, 22, pp.686–705. ©2017 ASEN/John Wiley & Sons Ltd.
2 I follow the distinction made by Doyle (1986: 40): 'Control of both foreign and domestic policy characterizes empire; control of only foreign policy, hegemony.' Taiwan's foreign policy was mostly controlled by the US throughout the Cold War, but China has broken the American monopoly and obtained substantial and increaseingly strong influence over Taiwan's diplomacy in recent years.
3 The analysis in this section is based on Wu (2014a, 2014b) and Wu (2013).
4 The analysis of Hong Kong's history here is mainly based on Carroll (2007).
5 The strategy of reconstructing Mexican history from the indigenous perspective adopted by the renowned Mexican novelist Carlos Fuentes is a telling example. See Fuentes (2011).
6 Undergrad Editorial Board 2013 (2014). The discussion of Hong Kong nationalism here is partially based on the author's contribution to the book. See Wu (2014a, 2014b).
7 The analysis of this section is based on *Discourse on the Hong Kong City-State*.
8 The analysis of this section is based on *Undergrad* (February 2014).
9 The autonomist party, Demosistō, is led by the charismatic student leader Joshua Wong.

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5 China's empire-building across peripheries

A comparative-imperialism perspective

Kwong Kin Ming

In early 2017, Han Shih Toh, a Singaporean author who worked for the Hong Kong English newspaper *South China Morning Post (SCMP)*, published his book *Is China an Empire*. In this book, China is from economic perspectives considered as an empire for two reasons—on the one hand, it accordingly resembles the British empire evolution in the 19th century, and on the other hand, China's global expansion is in line with the theory of imperialism by Vladimir Lenin, which is monumental in literature about empires and remains influential today (Han, 2017).

In light of this background, this chapter aims at studying underlying motivations and features of contemporary China's expansionism, by asking two questions: In what ways can China be considered as an empire? And What type of empire does China belong to? These questions are to be addressed from both theoretical and historical approaches—milestone theories of imperialism will be reviewed, and historical cases of modern empires since the late 19th century will be surveyed.

The remainder of the chapter will be divided into two main parts: a nationalist framework for understanding the evolution of empires will be outlined; and the driving force and features of China's growing imperialism will be analyzed.

5.1 From center to imperialism: a review of literature

As sociologist Johian Galtung succinctly indicates in his 'structural theory of imperialism', imperialism can be understood as a relationship between the center and peripheries, one with either 'harmony of interest' or different levels of 'disharmony of interest'. In whatever case, imperialism is all in all about how the center dominates the peripheries. Both coercive force and capital can serve as the center's domination tools (Galtung, 1971).

To elaborate these premises, this section will be divided into four parts: first, a general definition of empire and imperialism will be introduced, and the significance of the concept of 'informal imperialism' for studying and comparing empires will be analyzed; second, theories of imperialism will be reviewed; third, a nationalist framework outlining origins and evolution of different types of imperialism will be sketched; and fourth, cases of the American, French, German and Russian imperialism since the late 19th centuries will be studied.

5.1.1 On empire, imperialism and informal imperialism

As sociologist Krisan Kumar points out, 'empire is a multifarious and many-stranded project, making easy definition treacherous' (Kumar, 2011). In literature, debates over empire projects center around the origins, development and impact of empires. Whether empires grow solely out of economic motivations, whether capitalism naturally breeds imperialism, whether 'informal empire' should be viewed as a part of the definition of empire, whether origins of empires should also be explained by non-economic causes, whether the 'centers' ('metropoles') throughout empires' running completely dominate 'peripheries', whether empire rule is good or bad, whether empires still exist in today's world are all conventional themes in literature about empire and imperialism (Kumar, 2011; Abernethy, 2002; Saccarelli & Varadarajan, 2015; Mommsen & Osterhammel, 1986; Doyle, 1986; Colas, 2006;).

Taking these issues into consideration, political scientist Michael Doyle's definition of empire and imperialism is widely accepted, that 'empire…is a system of interaction between two political entities, one of which, the dominant centre, exerts political control over the external and internal policy—the effective sovereignty—of the other, the subordinate periphery…imperialism is simply the process or policy of establishing or maintaining the empire' (Kumar, 2011, p. 649; Doyle, 1986, p. 12). To put it simply, and in another way, imperialism, or empire-building, refers to global expansionism of nation-states, driven by different motives, and done in different ways.

A significant feature of Doyle's understanding of empire and imperialism is that he, unlike another political scientist David B. Abernethy, who puts that the idea of 'informal imperialism' creates more problems than it solves, considers 'informal imperialism' as a significant part of running empires. Doyle's rationale is simple—in literature centers are not regarded as the sole drivers of imperialism; international rivalry and peripheries as argued also play their parts. Doyle outlines how imperialism can be studied and explained through three different approaches, namely the metrocentric view, the systematic view and the pericentric view, the latter two of which try not to understand imperialism solely from centers' perspectives, reminding us how outside-in stimuli can induce imperialism, and how sources can be found at peripheries, rather than merely at centers (Doyle, 1986, 32).

The idea of 'informal imperialism' thus deserves attention because it can explain how empires differ from each other, in terms of their ruling style. Empires contrast with each other either by their contradicting acceptance of 'informal imperialism', or by their re-definition of how 'informal imperialism' shall be exercised through manipulating local collaboration—the cases of British and French imperialism exemplified the former, while the case of Manchukuo under the Japanese imperialism illustrated the latter.

Up until today, the idea of 'informal imperialism' still serves as a useful conceptual tool for tracing global influences of the superpower like the US. The concept is useful because it shows the possibility that an empire can be built in

today's world supposedly made up of independent nation-states with or without centers planting an administration at peripheries. This thus distinguishes the meanings of 'colonialism' and 'imperialism' in this essay—imperialism includes the meaning of colonialism, under which at peripheries administrative government planted by centers must be present, but not vice versa. By this understanding, the rather new concept of 'sharp power' can be regarded as a form of informal imperialism, not necessarily of colonialism. In fact, leftist theory of imperialism, which takes the economic approach and criticizes the asymmetric relations between centers and peripheries where direct and formal control is not necessary, always operates with the idea of informal imperialism (Kumar, 2011, 656). Dependency theory, accusing the centres of 'surplus', or profits, from the periphery through unfavorable trade terms or through repatriation of profits to the center, thereby leaving the peripheries with little investment funds, is a representative example (Imperialism and After: Continuities and Discontinuities, 1986, 329–330).

5.1.2 Constructing a nationalist theoretical framework to understand imperialism

A more comprehensive theoretical framework is needed for tracing the origins and development of imperialism. Although some nation-states, like in the case of the French Third Republic to be discussed below, arguably built their empires out of non-economic causes, the path of building an empire through capital export is still significant and noteworthy, since competing for profits to achieve national goals of different sorts is most of the time an essential part of international rivalry among nation-states, in the sense that the term 'geo-economics' has been used to describe how states use economic power to pursue strategic aims (Scholvin and Wigell, 2018). This is why until today the imperial power of the US is from time to time analyzed from an economic perspective, where the US is seen as an 'empire of capital', or 'neo-liberal empire', which enjoys a global monopoly of capital, defines and enforces the neoliberal world order facilitating the international mobility of capital and allowing the rich countries to set debt trap for and exploit poor countries, acts as the center of the global financial network and becomes a "rentier state" in the eyes of some due to its ability to extract profits in the global economy (Harvey, 2003).

That economic power ultimately serves as a means for realizing nationalistic ends implies that the construction of a theoretical framework for reading imperialism should, despite the analytical value of the insights of Hobson and Lenin, be started from the premise of empire-building as nation-state building, modelled on Shūsui's study of Japanese imperialism, which identified its two key features as patriotism and militarism. The diagram below (Figure 5.1) gives details of the proposed theoretical framework.

Specifically speaking, as part (A) indicates, how memories of national history are constructed, what foreign threats are perceived, which strategies are considered the best for defending the nation-state against the threats, the relationship

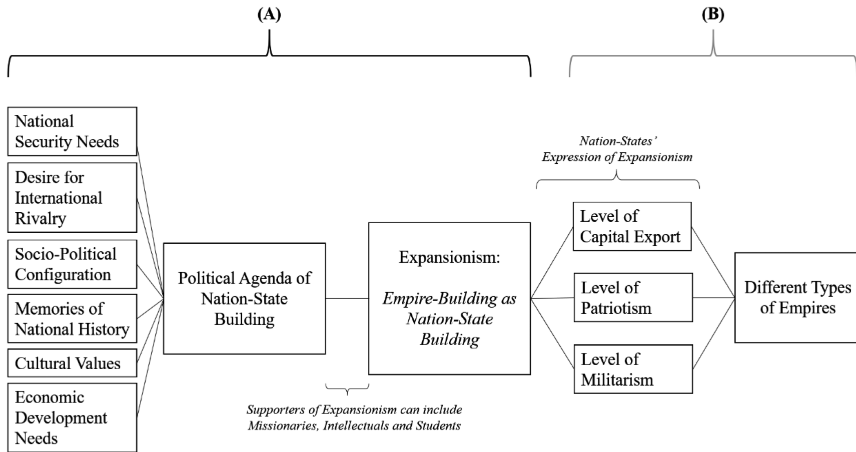

Figure 5.1 Theoretical framework for understanding connections between nation-state building and empire building

between social structure and political regime adopted, which development path, protectionism or not, industrial or financial, is regarded as the best for the nation-state to accumulate capital, how the essential features of national culture are shaped and reinforced under socio-political and economic contexts are all factors determining agenda for national survival, and objectives for empire-running. The stronger the sense of vulnerability and trauma throughout the nation-state building process, at times manifested by nation-states' xenophobic, racist and chauvinistic worldviews, the more aggressive, exploitative, coercive and assimilative the empire building of nation-states will be. That historian Niall Ferguson connects regime type and major concerns of nation-states to their ways of managing empires serves as a good elaboration of the phrase of 'empire-building as nation-state building'.

The arbitrary and blurred line in history between colonies and integral parts of nation-states shows further the relationship between nation-states and empires, that they can be two sides of the same coin. A good case in point is that historian Justin M. Jacobs, through his case study of annexation of Xinjiang, now considered as an integral part of China, by the former Qing empire, reconceptualizes the modern Chinese state as a 'national empire' (Jacobs, 2017).

One take-away lesson relevant to the following analysis in the next section on Hong Kong under Chinese rule is thus this: a non-independent territory under certain sovereign power can arbitrarily be considered as a colony, when homogenizing nation-state efforts have failed, that the sovereign power has more or less been considered as a foreign power. Such arbitrary relationship between empire and nation-state also shows the analytical value of the three-tier framework for understanding China's expansionism outlined in the introductory chapter of this

Table 5.1 Nation-State Features and Empire Building Models

Metropolitan System	*Self-interested Objectives*	*Public Goods*	*Methods of Rule*	*Economic System*	*Cui Bono?*	*Social Character*
Tyranny	Security	Peace	Military	Plantation	Ruling elite	Genocidal
Aristocracy	Communications	Trade	Bureaucracy	Feudal	Metropolitan populace	Hierarchical
Oligarchy	Land	Investment	Settlement	Mercantilist	Settlers	Converting
Democracy	Raw Materials	Law	NGOs	Market	Local elites	Assimilative
	Treasure	Governance	Firms	Mixed	All inhabitants	
	Manpower	Education	Delegation to Local elites	Planned		
	Rents	Conversion				
	Taxation	Health				

Source: Ferguson, 2005, p. 11

book—in the case of Hong Kong under Chinese rule, how perceptions of Chinese rule as a foreign power have been formulated and reinforced, leaving questions on whether Hong Kong has now become a colony of China, is an important, indicative trend that can help to explain growing hostility towards China's expansionism in other sovereign states including Australia, Singapore and New Zealand.

5.1.3 Selected case studies of modern imperialism

Modern cases of imperialism since the late 19th century, including the American, French and German imperialism, can only be better understood from the nationalist framework.

5.1.3.1 Case study 1: American imperialism

The case of American imperialism, most of the time not remembered and essentialized by its coercive and assimilative colonial ruling, is interesting, on the grounds that it was part of the nation-state building, that it emerged not without colors of popular imperialism, that some newly annexed territories were contingently fully incorporated as an integral part of the state while some were not, and that it proactively promoted independence of its colony the Philippines.

The Spanish-American War in 1898 is pivotal since the war has been considered as 'the birth of US imperialism' (Forbes, 2016; Foner, 1972). The war helped America to annex lands of Hawaii, the Philippines and Puerto Rico. The reasons driving this very first American imperialism were largely non-economic. The influence of the national strategic thinking of sea power by Alfred Thayer Mahan, outlined in his 1890 work *The Influence of Sea Power upon History*, was the first reason. Mahan's work drew lessons from the proliferation of the British empire, and provoked the momentum of naval expansionism in America. The Republican support of Mahan's geopolitical strategic thinking on the one hand helped equip America to fight against the Spanish empire, that America was already among the major naval powers of the day when it came to the fight, on the other hand, led to the approval by the Republican President William McKinley for America to fight. The second reason was related to America's nation-state building—it was expected that the war could help America, the rather young republic at that moment, to achieve national unity for the state to stay independent and become a world power. More precisely, it was hoped that expansionism could save American capitalism from excess, a problem which had divided the society and jeopardized the compromise made after the American Civil War in the 1860s. The third reason was religious—American Protestant church leaders, who viewed Catholicism in the Spanish empire as an obstacle obstructing the spread of Christianity, were committed to supporting the war, seeing this as an opportunity to spread Protestantism, the dominant religion in America, to the world. The annexation and incorporation of Hawaii in 1898 was also linked to religious causes—Hawaii was regarded as a staging post on routes to China (Hopkins, 2018, 359–372).

5.1.3.2 Case study 2: French imperialism

Neither could French imperialism, which grew significantly under the French Third Republic (1870–1940), be explained by a single, linear power logic. French imperialism, with a major goal of restoring the national glory, came after the defeat of France in the Franco-German War in 1870, which resulted in the creation of a unified Germany. In a lecture delivered to the Congress on North Africa in 1908, Joseph Chailley-Bert, the founder of the French Colonial Union established in 1893, mentioned that French imperialism was 'absolutely the work of the Third Republic'—'colonial policy dates only from the Republic of 1870; great things may have been done during other periods, but no colonial policy was carried out during them'. As he elaborated, 'we had been beaten in 1870. We had been demoted—and this was a crime against my generation—from our position as the dominant power in Europe and almost master of the world to the status of a second-class power'. Such chauvinistic incentives of growing the empire in turn were then associated with the assimilative, coercive nature of French imperialism, compared with British imperialism.

At the policy implementation level, there was no clear blueprint on how French imperialism should unfold. The lack of a clear blueprint was an outcome of the conflicting visions of French nation-state building, given that there had been debates over the 'Two Frances', which centered around the political role and significance of religion—under influences of the French Revolution, the Republican regarded Catholic clerics as part of the *ancien régime*, anti-individual, anti-liberal, superstitious, irrational and inadaptable to patriotism, since they were only loyal to the Pope in Rome, Italy rather than the nation-state France they belonged to, and therefore considered the presence of clerics as contradicting modern republican national ideals (J.P.Daughton, 2008, pp. 20–23; Johnson, 1978).

5.1.3.3. Case study 3: German imperialism

German imperialism could be characterized as 'defensive imperialism'. Enlarging the living space, later known as *Lebensraum,* a term coined in 1897, of the newborn nation-state since the unification of Germany in 1870, was a key theme of German imperialism, reflecting great traits of Social Darwinism thinking. The stress on national survival for the *Volk*, a German word meaning German people, breeds racialism, which was then translated into the very coercive, aggressive and predatory German imperialism, that German imperialists did not rule the newly annexed lands simply through assimilation, but through resettlement of locals, or even genocide.

German racism as such thereby set the scene up until the end of World War II for national aspirations to *Lebensraum*, which became a hallmark of the Nazi German empire. Following the political rise of its political leader Adolf Hitler, the expansionist nation-state building of America, implying how boundaries of a nation-state could be malleable and changeable, was considered as a role model for Germany on how to gain national strength. The Nazi empire was built

through racist aspirations to *Lebensraum*, that, as historian Shelley Baranowski described, 'the dominant view (among Nazi leaders) assumed the legitimacy of ethnic cleansing and mass murder to a degree that most colonial administrations and imperial centres neither achieved nor ought to attain'

5.2 Applying the theoretical framework to the case of China's imperialism

While China has indeed been building the empire through exporting capital, China's growing imperialism is nonetheless better understood from the nationalist framework, that it is closer to German and, especially, Japanese imperialism. China's imperialism and Japanese imperialism between the late 19th century and 1945 are alike, in that they are more coercive, aggressive, assimilative and preferred zero-sum, if not negative-sum, to positive-sum games, compared with British imperialism. Questions about whether Hong Kong has now become a colony of China can be considered as a result of the contrasts between the British and Chinese rule in Hong Kong before and after the city's handover in 1997.

5.2.1 China's empire-building through capital export

Discussions on whether China has become an empire have actually been started in academic literature, such as *Lenin's Imperialism in the 21st Century.* For at least two reasons, echoing Harvey's analysis, China's empire is considered to have taken shape: first, China rides on trends of global capitalism, especially after its joining the World Trade Organization in 2001, for accumulating capital by opening its markets and positioning the state as the 'world's factory'. Second, China's overseas investments are exploitative and predatory by nature—China has indeed set debt-trap for poorer countries. In his 2017 essay, economist Fred Engst made such a remark: 'the fact that people in Asia or Africa have a favorable view of those investments from China does not offer any proof, as claimed by some, that Chinese investment is different from the old-style imperialist.' (Engst, 2017, 77, 95.)

China's capital export associates with monopolies at its own economy, understood as a system of state capitalism. State-Owned-Enterprises (SOEs), monopolizing key industries in the upstream, seek rents from liberalized downstream industries throughout the process of industrialization and globalization (Xi Li, 2012; Huang, 2016). At the end of 2011, the profits of the 144,700 SOEs, categorized into three types, one of which is banking and finance organizations, reached 2.6 trillion yuan, sharing 43 percent of China's total industrial and business profit (*The Diplomat*, 2013). The impact of SOEs monopolies under state capitalism is huge, in the sense that most of China's Fortune 500 companies, including China Construction Bank and China Railway Engineering, are SOEs (*Fortune*, 2015).

Take Sri Lanka. By mid-2017, Sri Lanka's debt has reached 64 billion, costing an estimated 95 percent of the state's total revenue covering the loan payment, with more than one tenth of government debt owed to China's SOEs. In late 2017, China's loans even facilitated the annexation of Sri Lanka's land—as a part of China's plan to turn Sri Lanka's debt into China's equity, Sri Lanka's southern Hambantota port, along with sizable land nearby, was leased to China for 99 years, to be run by a China's state-run company (Reuters, Sri Lanka signs $1.1 billion China port deal amid local, foreign concerns 2017). Similar concerns and allegations about China's 'creditor imperialism' have also been made from other poorer countries, including the Maldives, Kenya and Myanmar (*Straits Times*, 2018; *The Economic Times*, 2018; *Daily Nation*, 2018). In fact, in March 2018, based on research by a Washington-based think-tank Center for Global Development, out of the 68 countries hosting China's BRI-funded projects, 23 are at risk of debt-distress, with Pakistan, Djibouti, the Maldives, Lao, P.D.R., Mongolia, Montenegro, Tajikistan and Kyrgyzstan listed as the eight highest risk countries (Center For Global Development, 2018).

5.2.2 Understanding China's empire-building visions from China's nation-state building features

Hong Kong, the former colonial port city of the British empire, serves as a good case to show the motives and rationale throughout China's nation-state building process, and henceforth China's worldviews regarding its foreign policies and expansionism. Under the 'One Country, Two Systems' (OCTS), Hong Kong under Chinese rule is supposedly granted a *de facto* sovereign status retaining its international network and character—allowed to keep the British colonial system basically intact, the city has its own currency, economic and monetary policies, administrative system, ruling territory and population, border control, law-making power and independent jurisdiction, its own overseas trade offices and its own independent membership in international organizations (Tok, 2013). All these background facts about Hong Kong illustrate one point: whether China while running Hong Kong can honor the promise of OCTS, tolerating the city's distinctive and pro-Western institutions, values and ties, can be considered as a mirror reflecting worldviews of contemporary China.

More than two decades after Hong Kong's handover, China has failed to win hearts and minds in Hong Kong as successfully as the former British imperialists. In the first half of 2018, based on survey data from the University of Hong Kong, Hong Kong people's confidence in OCTS, a ruling model supposedly served for legitimating Chinese rule of Hong Kong, dropped to a level among the lowest since 1993, with a net value of confidence of -14.1%. Behind this trend, Beijing's coercive and assimilative ruling of Hong Kong, driven by its 'nation-state' building nationalism, has arguably induced problems of 'One Country, Two Nationalism', with the rise of 'peripheral nationalism' in Hong Kong (B. C. Fong, 2017)

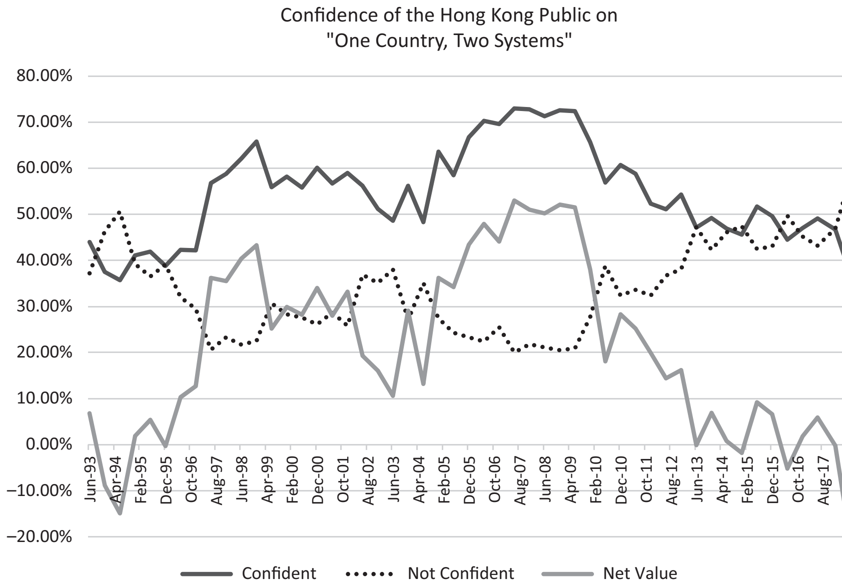

Figure 5.2 Confidence level in Hong Kong towards 'One Country, Two Systems'

5.2.3 On the nature of the British imperialism

Judging from the nationalist framework on imperialism outlined in the last section, the comparatively lenient style of the British imperial rule can be explained by its national culture, with liberalism and conservatism as its two essential features. First of all, Britain's liberalism is self-evidently manifested by the birth of Magna Carta in the 13th century, which imposed checks and balances on the monarchial power, and which thereby significantly fueled the American Revolution against the British colonial rule, and shaped the American constitution (H.D.Hazeltine, 1917; The Heritage Foundation, 2015; American Bar Association, 2014).

Furthermore, the cultural spirit of British conservatism, which denounces political radicalism, helps constrain the use of state power by British rulers. The basic thesis of conservatism is this: 'to prefer the familiar to the unknown, to prefer the tried to the untried, fact to mystery, the actual to the possible, the limited to the unbounded, the near to the distant' (Kekes, 2001). To achieve this vision, traditionalism, organism and political skepticism, which place a stress on sustaining customs, avoiding class antagonism and valuing empiricism, are considered as the three key elements of conservatism (Quinton, 1978). The spirit of British conservatism on the one hand was manifested by Britain's 'unwritten constitution', meaning that there is a lack of a single document listing all of the fundamental laws which can outline how a state should run, and that common law, or case law, is a significant source for the constitution, bounding the state

power to complex real-life situations rather than to a set of simple abstract reasoning, and on the other hand, the spirit helps to explain why the British have long been relatively resistant to centralist advocacies and tendencies of all sorts, for example by their showing little support to organizations like the British Union of Fascists, with pro-Hitler political stances, since the 1930s, or by their refusal up until today to accept the use of national identity cards for constraining state power (*Independent*, 2014; *The Guardian*, 2008).

In the case of Hong Kong under British imperial rule, London policy-makers' conservative attitudes to the use of emergency law power by governors in Hong Kong is another case in point illustrating the ruling style of the British imperialists. While Emergency (Regulations) Ordinance (ERO) was first legislated in Hong Kong in 1922, in response to the seamen's strike associated with China's politics, the British government was at the time already concerned with the extensive power enjoyed by the Governor in Council, that Winston Churchill, the then Secretary for the Colonies demanded detailed reporting and explanation for every use of that wide power. Shortly after the World War II, the Colonial Office in London asked colonies not to retain ERO regulations, the accordingly temporary power, 'longer than is absolutely necessary'. Even throughout the Cold War period, significantly because of the pressure from a non-governmental organization, JUSTICE, a Colonial Office official responded to criticism by showing unease in his minute about emergency law power like detention without trial, saying: 'Hong Kong is the only colonial territory which gives such powers to the Governor without first requiring him publicly to declare a state of emergency. As we know, there are good reasons for this but I must confess that I am rather uneasy about the situation myself' (Wong, 2011).

5.2.4 On the nature of China's expansionism from comparative perspectives

Contrasting with British imperialism, there are some parallels between expansionist thinking of imperial Japan and contemporary China, that they both share the mentality of defensive imperialism, justified and fueled by Social Darwinist thinking and patriotic xenophobic sentiment, that they both embrace militarism, eager to establish exclusive sphere of influence, and that they both worship totalitarian statism, tolerating or encouraging political radicalism.

Under China's totalitarian statism, Hong Kong's *de facto* sovereign autonomous status has been made fragile. Two cases in point are that Chinese authority breached Hong Kong's border control by kidnapping a Hong Kong bookseller, who is a British national, and a Chinese tycoon from Hong Kong respectively in 2016 and 2017, and that China undermines Hong Kong's judicial independence through its proactive interpretation of the city's Basic Law, that only one in five interpretations made by China fulfills procedural criteria outlined in Article 158 of the Basic Law, two of which are that China's interpretation should only come after the request of Hong Kong's Court of Final Appeal, and that the China's interpretation should not be a *de facto* amendment of the law (Quartz, 'A brief

history: Beijing's interpretations of Hong Kong's Basic Law, from 1999 to the present day' 2016). In fact, Tibet, not Hong Kong, is the first site for China to test the principle of OCTS, but the experiment failed in the 1950s in the face of the state's homogenizing force (Hung 且 Kuo, 2010). In 2017, China unilaterally declared that the Sino-British Joint Declaration on Hong Kong, despite its international treaty nature, no longer had any meaning, trying to leave Britain with no future say on Hong Kong affairs (Reuters, 'China says Sino-British Joint Declaration on Hong Kong no longer has meaning' 2017).

In the meantime, economic means have been employed by China in Hong Kong for achieving statist, assimilative national political ends. For example, two decades after Hong Kong's handover, 31 percent of the city's media companies, including *SCMP*, are now owned by 'red capital', as the city's media called it, from China, with the Hong Kong government allegedly having turned a blind eye on scrutinizing whether these Chinese acquisitions fulfilled the city's media license eligibility. In a 2018 report by another of Singapore's newspapers, *Straits Times*, the acquisition of SCMP by the Alibaba Group, China's technology and retail giant, is said to be loaded with a national mission of confronting 'anti-China bias' in the foreign media. Hong Kong's media scene under China's shadow correlates with the city's drastic fall in its freedom of press international ranking—Hong Kong ranked 18th, when the international group Reporters without Frontiers first launched its Press Freedom Index in 2002, and the city's rank in 2017 fell to 73rd. Furthermore, Hong Kong's bookstores have been monopolized by companies owned by an official branch of China in the city, thereby making space for China's political censorship of Hong Kong's publications by controlling the availability and sales (Hong Kong Free Press, 2018). The homogenizing political pressure from China on Hong Kong, that words and deeds showing loyalty to the city are easily stigmatized by the authority with a 'separatism' label, ends up with an emerging sense of rootlessness among Hong Kong people, the youth in particular.

5.3 Conclusion: seeing China's empire building from Hong Kong

All in all, empire building, or imperialism, is not yet a past history. Imperialism is considerably synonymous to nation-states' expansionism, motives and execution of which are subject to different national culture and political agenda resulting from the factors outlined in this chapter's proposed theoretical framework, and imperial power can nonetheless be projected by nation-states through means of informal imperialism, such as capital export. 'Sharp power', a term invented in December 2017, vividly conceptualizes how informal imperialism can be exercised in today's world.

How China has failed to smoothly incorporate and assimilate the pro-western former British colony Hong Kong in its nation-state building project serves to many other sovereign states in the world as an illustrative demonstration on how China is going to build its empire.

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Part II

China's influence in peripheral autonomy

Hong Kong as a case study

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6 China's influence on Hong Kong's elections

Evidence from Legislative Council elections

Ma Ngok

The Chinese government has an immense influence on the elections in Hong Kong. As the sovereign state, the Chinese government is the only authority that can approve constitutional changes to Hong Kong. It has the power to decide and change the rules of the game of the Hong Kong elections. The Liaison Office of the Central People's Government (LOCPG), Beijing's representatives in Hong Kong, grows in strength over the years and effectively coordinates the pro-Beijing forces during campaigns. The attitude to China has framed the political cleavages and campaign issues since the 1990s. The administering of elections by the Hong Kong government is also indirectly influenced by the China factor, which has begun to affect the fairness of elections in Hong Kong.

This chapter will review the influences of China on Legislative Council (Legco) elections in Hong Kong since 1991. As a peripheral autonomous system, Hong Kong's elections are subject to both direct and indirect influence of the Chinese government. Since 1997, the Chinese government has stepped in and re-written the electoral rules of the elections from time to time. China's influence has increased over the years, creating an uneven playing field for Hong Kong elections.

6.1 China's direct influence: deciding, re-defining and overturning electoral rules

6.1.1 China as the rule-decider

Constitutionally, the Chinese government has the ultimate authority to decide the political structure of Hong Kong. Before 1997, the influence was less direct, as in theory the British-Hong Kong government could still decide the electoral rules of Hong Kong, but the Chinese government already exerted great influence in the 1980s.

The Sino-British Joint Declaration of 1984 stipulates that the Hong Kong legislature after 1997 'shall be constituted by elections'. The promise of elections triggered a gradual democratization process from the mid-1980s. The British government may have thought they could control the reform process before 1997. However, the Chinese government openly warned that political development

before 1997 had to be 'in track' or 'converge' with the Basic Law. Under Beijing's pressure, Britain delayed democratization in Hong Kong in the 1980s, in a bid to maintain good relations with China.

The 1989 Tiananmen crackdown pressed the British government to provide more protection to Hong Kong, in the form of better human rights and a more democratic system. In 1990, after a series of secret diplomacy, China and Britain agreed to the political formula in the Basic Law and introducing 18 directly-elected seats to the 1991 Legco. The democrats won 16 of these 18 seats. This brought criticisms from the pro-Beijing circles in Hong Kong against the 'double-seat, double-vote' system (Ma and Choy, 1999). When Chris Patten arrived in 1992 to make a last hurray for democracy before Britain's departure, the formula for the 20 popularly-elected seats in the 1995 Legco election was a major bone of contention.

After Sino-British talks over the 1994–95 electoral arrangements broke down, the 1995 Legco elections were conducted according to the Patten reform proposal. The Chinese government was adamant that the 1995 rules were unconstitutional, tailor-made for the democrats, and vowed to scrap the elected councils after 1997. By dint of a Provisional Legislative Council, selected by a Beijing-appointed Selection Committee, the electoral rules for the post-1997 Legco were re-written. The electoral formula for the direct elections was changed from the first-past-the-post system (FPTP) in 1995 to proportional representation (PR). The franchise for the 'new nine FCs' introduced in 1995 was drastically reduced to about 200,000. The Election Committee that elected 10 seats in 1998 was recomposed according to Basic Law Annex I, which is dominated by business and professional elites.

These rule changes fundamentally changed the nature of post-1997 politics. In the 1991 and 1995 elections, the democrats got about 60 percent of the popular votes, which enabled them to win most of the directly-elected seats under the plurality formula. The widening of the FC franchise and electing the Election Committee by District Board members in 1995 allowed the democrats to win a share of the FC and EC seats. As a result, in 1995–97 the democrats took about half of the Legco seats, which allowed them to exercise much policy influence (Ma, 2007, 108–116). The rule changes made it much more difficult for the democrats to lay their hands on the FC and EC seats. The new FCs were mostly dominated by business or social sectors friendly to Beijing. The new EC composition allowed pro-Beijing groups to sweep the EC seats. The change of the formula from FPTP to PR enables the pro-Beijing parties to get a larger share of seats in direct election. The end result was that the democrats in Hong Kong, despite consistently getting a vote share of 55–60 percent after 1997, became a permanent minority in the Legco. Table 6.1 shows the vote shares and seats obtained by different political camps in Hong Kong since 1991.

The use of PR has major effects on democratic development and the party system of Hong Kong. PR favours small parties to get represented, which creates major difficulties for opposition unity. In the 1995 election, the democrats managed to coordinate to field only one candidate in most constituencies under FPTP. The use of PR after 1997 induced competition and conflict among various

Table 6.1 Vote Shares and Seats of the Two Political Camps, 1991–2016

	1991	*1995*	*1998*	*2000*	*2004*	*2008*	*2012*	*2016*
Pro-democracy vote	64.45%	61.49%	63.42%	57.25%	60.63%	58.27%	55.37%	54.87%
Pro-democracy Legco seats	22	30	20	20	25	23	27	30
Pro-Beijing vote	30.52%	35.11%	32.31%	35.42%	37.29%	39.83%	42.84%	43.37%
Pro-Beijing Legco seats	11	25	39	39	35	37	43	40
Others	5.04%	3.41%	4.27%	7.33%	2.09%	1.90%	1.79%	1.76%
"Others" seats	6	5	1	1	0	0	0	0
Appointed and Official members	21	0	0	0	0	0	0	0
Total Legco seats	60	60	60	60	60	60	70	70

Source: Author's own compilation based on election data from 1991 to 2016

pro-democracy groups. In recent years, the impasse in the democracy movement drove the trend of radicalization. New groups challenged old guards like the Democratic Party (DP), claiming that they were too moderate and failed to bring real progress in the fight for democracy. Fragmentation also took place in the pro-Beijing camp. As a result, PR brought about fractionalization in the party system, polarization and radicalization of the political landscape, and fragmentation in the legislature (Ma, 2014). The under-development and fragmentation of the party system in turn led to lesser public confidence in the elected institutions and party politics of Hong Kong.

6.1.2 Redefinition of rules: reinterpretation and direct negotiation

Beijing continued to intervene to re-define the rules after 1997. Two major events stood out: the reinterpretation of the Basic Law in 2004, and the direct negotiations with Hong Kong democrats in 2010.

The Basic Law promises universal suffrage elections for both the Chief Executive (CE) and the whole Legco, but does not specify when these will be delivered. After the 500,000-people march on 1 July 2003, the democrats staged a campaign to demand full universal suffrage elections for the 2007 CE and 2008 Legco. With the democrats carrying the momentum, Beijing was concerned that full democratization would allow them to seize power. Beijing responded by handing down a reinterpretation of the Basic Law on 6 April 2004 by the Standing Committee of the National People's Congress (NPCSC). The NPCSC ruled that proposals to change the electoral methods of the CE and the Legco can only be raised by the CE of Hong Kong. If the proposal gets a two-third majority approval of the Legco, it needs a final approval from the NPCSC. The procedure is named the 'Five Steps for Political Reform' (政改五部曲) in Hong Kong.

This 2004 reinterpretation marked the second re-writing of the rules for Hong Kong elections after 1997. The Basic Law did not specify how the reform process is to be initiated, nor was a prior approval from Beijing needed for the initiation. The reinterpretation means that Beijing holds the key to both the initiation and final approval of constitutional changes. Proposals deemed unacceptable to Beijing would have almost no chance of getting tabled, let alone approved. On 26 April, the NPCSC issued another resolution, ruling that the 2007 CE would not be elected by universal suffrage, and the proportion of popularly-elected seats in the 2008 Legco would remain unchanged. The 26 April resolution did not state that the NPCSC could rule, before any proposals are made, what can be done and what cannot be done. This 26 April resolution served as a precedent for later practices, as the NPCSC would hand down decisions before the Hong Kong government made any proposals, which served to limit the possible range of change in the reform debate.

The second episode that marked Beijing's direct influence was its direct negotiations with the democrats in 2010. In December 2007, an NPCSC- resolution ruled out universal suffrage elections in 2012, but states that the 2017 CE 'can be elected by universal suffrage'. By 2009, democrats in Hong Kong were deeply

split as to how to carry the movement forward. The Civic Party and the League of Social Democrats initiated a '*de facto* referendum campaign, which involved five pro-democracy legislators resigning to trigger five by-elections that require all voters in the territory to cast a vote. The by-elections would be seen as a referendum on democracy, which the initiators believe would put great pressure on Beijing if the resigned democrats were re-elected with a high margin and turnout. The moderate democrats, led by DP, saw this as too provocative and ineffectual. They believed that the hope of full democracy lies in narrowing the political gap and initiating negotiations with Beijing. After a series of negotiations between Beijing officials and democrats in Hong Kong, a compromise deal was struck. Five directly-elected seats and five new FC seats were to be introduced. The latter would be nominated by District Councillors and elected territory-wide (Ma, 2011).

The 2010 deal was more symbolic than substantial, as the democratic progress was minimal, seen as a move of ice-breaking between Beijing and the Hong Kong democrats at the time. It also marked a deeper involvement of Beijing into Hong Kong politics, as now direct negotiations between Beijing and Hong Kong actors became the way forward, with the Hong Kong government sidelined.

6.1.3 Overturning election results

The 2016 Legco elections saw China's direct influence on Hong Kong elections reaching new heights. The election of pro-independence legislators drove Beijing to step in, reinterpret the Basic Law (again) and disqualify elected legislators, in effect overturning the election results of Hong Kong.

The 2014 Umbrella Movement instilled a new political identity for Hong Kong people, especially among the young generation. The futility of the movement led to a major disappointment and more detachment from China. It seems that genuine democracy and autonomy is not achievable under Chinese sovereignty or 'One Country, Two Systems'. This drove many young people to support various strands of 'localist' or 'pro-independence' thought.

The 2016 elections saw the 'anti-China localists' (see below) getting about 10 percent of the votes, with three elected to office. On 12 October 2016, when they were taking their oaths to office, two legislators of the localist group Youngspiration unfurled a banner 'Hong Kong is not China' and shouted derogatory remarks about China. Their oaths were judged invalid by the Legco President. The act clearly enraged Beijing. The NPCSC in session in Beijing quickly handed down a reinterpretation of Article 104 of the Basic Law. It ruled that oaths to take a public office must be solemnly taken with no change to the contents of the oath. If an oath-taker fails that, s-he will not be allowed to try again and cannot take office. Under this new interpretation, which has retroactive effect, the oaths of two Youngspiration legislators were deemed invalid, and their seats were forfeited. The government later appealed to court to revoke the offices of other four pro-democracy legislators. In July 2017, the court judged that the oaths of these four

were invalid and in total six opposition legislators were disqualified, representing a total of 185,727 votes.

The 2016–17 disqualifications marked the first time when Beijing could impose a new rule after an election, make that retroactive, and overturn (partly) the election results. Before 1997, Beijing might also have been unhappy about the results of the 1995 elections, but it could do nothing about it until 1997. From 1997 to 2016, Beijing might not like the results, but chose to abide by the rules of 'One Country, Two Systems'. The rise of separatist ideas in Hong Kong was a game-changer, driving Beijing to go out of its way to overturn election results in Hong Kong. A line was drawn after this: politicians supporting Hong Kong independence or even self-determination were not allowed to serve as legislators or even run in Legco elections.

The 2016 reinterpretation had a profound impact on the elections that followed. The reinterpretation turns four Chinese words 'take the oath as legally prescribed' (依法宣誓) in Article 104 into a 670-word passage. It not only details how the oath should be taken, but lays down new criteria for public office holders. The reinterpretation text reads: 'Supporting the HKSAR Basic Law and allegiance to the SAR, as stipulated in Article 104, is content material that must be included in the oath text, and also the legal demands and conditions for running for or assuming these public offices.' This may look innocuous but in effect it adds 'supporting the Basic Law' as a necessary condition for candidacy, opening the gates for political censorship of candidacy.

In the March 2018 by-elections, which arose as a result of the above disqualifications, three candidates were not allowed to run. The Returning Officer judged that they were not supportive of the Basic Law, based on their past speech and acts. The most eye-catching was Agnes Chow, candidate of the post-Umbrella youngster group Demosisto. She was standing to try to recover the seat vacated by former Demosisto legislator Nathan Law. She was seen as not supportive of the Basic Law as Demosisto upholds 'democratic self-determination' in their manifesto, and sees independence as one of the possible options should a referendum about Hong Kong future be held. The strange thing is: the Demosisto manifesto has never changed and Nathan Law was allowed to run in 2016.

The November 2016 reinterpretation, by introducing political prerequisites for Legco candidacy, allowed the government to censor candidates, and the criteria can be arbitrary. In 2016, the line was drawn at pro-independence candidates. In 2018, the line was extended to include 'self-determination'. Nobody knows when the line will be extended to disqualify other members of the opposition. The direct influence of China on Hong Kong elections has increasingly put electoral fairness under threat.

6.2 China's indirect influence: from co-opting local collaborators to shaping the political context

Indirect influence from China on Hong Kong's elections manifests itself in two forms. On the ground, the LOCPG co-opted, coordinated and integrated local

collaborators to help the pro-Beijing parties and candidates. China as the sovereign power serves as the most important contextual factor framing political discussions and campaign issues in Hong Kong. It took on different importance in different stages of Hong Kong's political development.

6.2.1 Mobilization of local collaborators through LOCPG

For people in Hong Kong, the Chinese Communist Party (CCP) is not something remote in Beijing; it exists in everyday life. In 1947, the CCP set up the Hong Kong Working Committee to oversee party work in Hong Kong, restructured to become the Hong Kong and Macau Working Committee (HKMWC) in 1955. Before 1997, the HKMWC was housed inside the New China News Agency (NCNA), with the head of the NCNA serving as the party secretary in Hong Kong (Burns, 1990). After 1997, the LOCPG replaced the role of the pre-1997 NCNA.

Since 1949, the CCP had built a sizeable network of 'leftist' organizations in Hong Kong, commanded by HKMWC in *nomenklatura* fashion. The united front was further extended since the 1980s by different co-optational means (Wong, 1997; Goodstadt, 2000; Ma, 2007). Political elites, businesspeople, professionals from different sectors, and social leaders were co-opted by appointment into different bodies. This united front network consists of the following major building blocks:

- Pro-Beijing unions under the auspices of the Hong Kong Federation of Trade Unions (FTU);
- Rural groups led by the Heung Yee Kuk;
- 'Mass associations' including cultural and recreational groups, women's groups, hometown associations, and other groups;
- Residential associations including ownership committees, mutual-aid committees, and residents' groups on specific issues. These groups are coordinated at the regional level by larger umbrella organizations.

This network became an immense mobilizational machine in election times. On the party front, the Democratic Alliance for the Betterment and Progress of Hong Kong (DAB) served as the flagship pro-Beijing party. Groups of a different nature would recruit members and cultivate members' support by providing material benefits, members' services and social activities. Paid cadres would take care of the organizational work in a relatively labor-intensive manner. Different groups gave away free gifts, organized cut-priced tours, gave free food to the poor and the elderly and subsidized cultural and recreational activities. These groups and parties, through their connections with the LOCPG and the government, would nominate professionals, businesspeople and young political aspirants to various government committees. This would help their exposure, social service records and connections, which made for better curriculum vitae in future elections. Over time, these groups formed dense networks which absorbed people from all walks of life, which could help spread pro-government and pro-China ideology.

This network expanded quickly after 2003, when Beijing was concerned about the democrats increasing their influence and intervened more in Hong Kong affairs (Cheng, 2009). A massive injection of resources for the pro-Beijing groups led to the expansion of activities, network and membership at various levels. This brought impressive results to the pro-Beijing camp in the 2007 and 2011 District Council elections. They won about 70% of all the elected seats in 2007, and more in 2011. This served to weaken the democrats' local bases and their links with the grassroots, and further augmented the resource disparity between the pro-Beijing camp and the pro-democracy opposition.

The organizational capacity also proved vital in the Legco elections. The strong local bases augmented the support for pro-Beijing parties in the Legco election (Wong, 2015). The organizational prowess enabled effective vote division by dint of meticulous calculation and targeted mobilization. Hong Kong's PR system, using Largest Remainder and Hare Quota, disfavors the large parties to win the extra seat. It creates an effect akin to the single-member non-transferable vote (SNTV) system previously used in Taiwan and Japan (Cox and Shugart, 1995; Pachon and Shugart, 2010). The most important strategic task under this system is optimal nomination. It pays to split into different lists and divide the voter support more or less evenly across the lists. With the active coordination from the LOCPG, candidates of DAB, FTU and other pro-Beijing groups would run under different banners, catering to voters of different class backgrounds or ideological inclinations. Different pro-Beijing organizations each develop their dossiers of supporters in each district, which helps them to estimate quite accurately the number of potential supporters in each precinct. This allows the pro-Beijing camp to undertake 'vote division' effectively by assigning different groups to mobilize for different lists. The vote division strategy of the pro-Beijing camp worked almost to perfection in 2012. The pro-Beijing camp won 17 out of the 35 directly-elected seats (48.6%) with a 41 percent vote share. In three of the five Legco constituencies, they had fewer total votes than the pro-democracy lists, but won more seats thanks to effective vote division.

The LOCPG played an important role in coordinating pro-Beijing candidates, in particular concerning who can run and who cannot. In District Council elections that adopt FPTP, the key to victory was to coordinate to one candidate to avoid vote-splitting. In the Legco elections, the key was not to over-nominate. The LOCPG served as the ultimate arbiter in deciding who can represent the camp. In contrast, without an over-arching coordination authority and with party fractionalization, the democrats invariably fielded too many lists. In 2012, the democrats owned about 56 percent of the votes, but could only win 18 of the 35 elected seats (51.4%).

The impact of mainland immigrant voters is beginning to catch the attention of election analysts in Hong Kong, and the LOCPG played a key role in that. After 1997, a quota of 150 people per day from China can enter Hong Kong legally through the 'one-way entry permit', adding up to more than 50,000 per year. They become permanent residents after seven years in Hong Kong, and can register as voters if they are over 18. Recent research showed that mainland immigrants are

more likely to vote for pro-Beijing parties and candidates (Wong, Ma and Lam, 2018). The LOCPG had full information of the would-be immigrants and would notify the respective hometown associations in Hong Kong to contact them after their arrival, offering material assistance and logistic help. The immigrants were then absorbed into the pro-Beijing network and mobilized to vote. In 2010, the New Home Association was set up in Hong Kong to provide support and organize activities for new immigrants. Its membership had expanded to 100,000 by 2015.

Two events in the 2015–16 elections marked the deepening of LOCPG's intervention in Hong Kong elections. In the 2015 District Council elections, a man claimed he was from the Chinese Ministry of United Front, and offered money to Youngspiration members to run in selected constituencies to 'split the vote' of the democrats. The man was later found guilty and sentenced to jail. In the 2016 Legco election, Liberal Party candidate Ken Chow revealed in a live TV forum that somebody who claimed to be from LOCPG had threatened him to withdraw, or his friends and family would be hurt. He said his withdrawal would help the chance of another conservative Julius Ho. Chow eventually stopped campaigning 10 days before polling day and left Hong Kong. Liberal Party Chairman James Tien confirmed in a radio program that there were LOCPG pressures for them to withdraw candidates to avoid vote-splitting.

Over the years, the influence and intervention of LOCPG has become more open and direct, to the extent that Hong Kong voters were not surprised of LOCPG meddling. The opposition parties in Hong Kong are not running against the pro-Beijing parties; they are running against an omnipotent party state.

6.2.2 China as the cleavage-framing factor

For Lau and Kuan (2000), political parties of Hong Kong were founded in response to the political transition and sovereignty handover to China. This 'foundation moment' dictates that the attitude to China forms the main political cleavage in the Hong Kong political spectrum (Ma, 2002). On one side were the Hong Kong democrats, who champion values such as democracy, freedom, rule of law, Hong Kong autonomy. The other side were the pro-Beijing conservatives, who adopt a conservative attitude towards democratization and human rights, and stress the maintenance of a healthy relationship with Beijing.

Leung (1993) was the first to conceptualize the 'China factor' as a historical, structural and socialization factor in Hong Kong elections. In the 1991 Legco election, attitude towards Tiananmen was a major determinant of vote choice (Leung, 1993). In the 1995 election, pro-Beijing candidates hailed that more pro-Beijing legislators would bring a harmonious relationship with the Chinese government while the democrats vowed to stand for Hong Kong's interests against possible intervention from China. Surveys showed that voters who had less trust on China were more likely to vote for the democrats (Leung, 1996).

This political cleavage largely persisted over the years. The indirect influence of China in shaping the campaigns of Hong Kong temporarily subsided in the early post-1997 years. There was relatively little intervention before 2003, and

the recession caused by the Asian Financial crisis turned the voters' attention to economic issues. The 2003 mass rally and the struggle over political reform put China back onto the campaign agenda. For the democrats, each Legco election became a campaign to show Hong Kong people's urge for democracy. With the Chinese government getting to the front stage to veto universal suffrage by the 2004 NPCSC decision, and increased intervention of China in Hong Kong affairs, the attitude to China continues to serve as a most important factor shaping Hong Kong campaigns after 2004.

6.2.3 The rise of 'anti-China sentiments' and localism

For decades, Hong Kong people have had a dual identity. While a Hong Kong identity began to ferment in the 1970s, most Hong Kong people consider themselves Chinese nationals. Many of them did not like the CCP, after all this was a society made up of refugees who had fled from communist China, but they still identified themselves as ethnically Chinese. Things began to change after 2003. Identity movements helped foster a new Hong Kong identity, and China as a political object had a more negative image after 2008.

The rise of 'anti-China sentiments' after 2008 was a complicated and multifaceted phenomenon. Politically, the oppression of dissidence in China after 2008 and the increased intervention into Hong Kong affairs hurt the image of the Chinese government. Economically, more Hong Kong people were sceptical about the impacts of economic integration with China, fearing deeper integration would mean Hong Kong losing its identity and distinctiveness. An influx of mainland capital and tourists pushed up rents and prices. The power dependence of the Hong Kong CE on Beijing made more people believe that resource allocation and government policy in Hong Kong was tilted in favour of mainland's instead of Hong Kong's interests. This led to a rise of 'anti-China sentiments' (Ma, 2015), which was not only directed against the CCP regime, but also against mainland visitors and immigrants. With the rise of the anti-China sentiments, candidates who adopted a hostile or radical position against China got decent results in the 2012 election.

With the Chinese government refuting demands for 'genuine universal suffrage' in 2014, the anti-China sentiments took on new dimensions. There is increasing detachment from China, especially among young people. While in the past the Hong Kong identity was compatible with the Chinese identity, after 2008 for more Hong Kong people the two identities began to contradict (Steinhardt, Li and Jiang, 2018). Various strands of 'localism' began to appear and became more popular among young people. They usually asserted a distinct political identity for Hong Kong. Some of them saw the political and economic control from China and the influx of mainlanders as the root of all problems of Hong Kong. Some went as far as supporting an independent state of Hong Kong (see Kaeding, 2017).

The rise of localism and pro-independence ideas in 2014–16 fundamentally changed the electoral game in Hong Kong. In a by-election in February 2016, pro-independence candidate Edward Leung surprised many by getting 15 percent of

votes among seven candidates. Leung, however, was banned from running in the September 2016 general election. The disqualification of pro-independence candidates and the rise of localism made Hong Kong independence a major campaign issue in the 2016 election. Pro-Beijing candidates all unequivocally denounced independence ideas as unacceptable. The mainstream democrats were caught in a dilemma: they did not want to side with the localists, as Hong Kong independence received little support in mainstream society, but open denunciation of independence might mean losing the votes of the younger localist voters.

Chen and Szeto (2015) distinguished between two types of localism: 'progressive localism' and 'anti-China' localism. Representatives of these two strands of localists got a decent total of about 15 percent of the votes in 2016, with six candidates elected. This more or less created a secondary cleavage in the opposition political spectrum between localists and the traditional democrats. Localism supporters denounced the mainstream democrats, including the Democratic Party, the Civic Party or the Labor Party, as too moderate or nationalistic, and saw them as responsible for decades of failed democratization.

6.2.4 Selective application of rules: disqualification of candidates

For decades, the popular component of the Legco elections was largely conducted in a free and fair manner. There was little evidence of systematic fraud or manipulation. There have been more reports and studies on fraud and manipulation such as gerrymandering in recent years. The 2016 Legco election was a watershed event in the fairness of electoral administration in Hong Kong.

In the February 2016 by-election, the Post Office refused to send the campaign pamphlets of Edward Leung, claiming that there were contents that 'violate the Basic Law'. This was legally ungrounded since there was no law that authorizes the Post Office to censor the contents or stop the mailing of the campaign pamphlets. This was repeated in the September 2016 elections, as pamphlets containing terms such as 'self-determination' were censored, with some candidates amending the wording before the Post Office agreed to send them out.

In the 2016 election, the Electoral Affairs Commission (EAC) imposed a new rule. All Legco candidates needed to sign a Confirmation Form, declaring that they would 'uphold the Basic Law and pledge allegiance to the Hong Kong Special Administrative Region'. Again there was no legal basis for this form. Most opposition candidates refused to sign the form. The pro-independence candidate Edward Leung in the end signed the form and made a public declaration that he did not support Hong Kong independence. Six candidates were not allowed to stand in the 2016 election, some on technical grounds. For Edward Leung and Hong Kong Nation Party candidate Chan Ho Tin, the Returning Officer 'did not believe that they would uphold the Basic Law', judging from their past speeches and deeds. This marked the first time in Hong Kong when candidacy to Legco elections was denied on political grounds.

After nine candidates were disqualified in the 2016 and 2018 elections, what constitutes 'upholding the Basic Law' has never been made clear. Some

pro-independence candidates were allowed to run in 2016 and some did win, leading to the disqualification saga later. There is no black-and-white document specifying what constitutes ‘anti-Basic Law’ acts or speech. It seems to be just an arbitrary and convenient tool for the administration to throw out *persona non grata* in future elections.

There was no direct evidence which showed that the disqualifications were the result of ‘direct influence’ from Beijing, that the civil servants or public officials in question were taking orders from Beijing. That is why these events are listed under ‘indirect influence’ in this section. However, it is obvious that the rise of pro-independence currents means that (hidden) electoral rules of Hong Kong were changed in 2016 once and for all.

6.3 Counter-Chinese influence mobilizations: anti-manipulation efforts and their limitations

The pro-democracy opposition is relatively powerless to resist these interventions from Beijing. For years, the democrats in Hong Kong relied on cognitive mobilization (Kuan and Lau, 2002) or ideological appeal to the voters, more than providing material benefit or sound policy programs. With the party-state behind the pro-Beijing camp, the resource disparity between the two camps is too big to overcome. Constitutionally, the Chinese government remained the sovereign master that had the power to define and re-define the rules. Conventional protests in Hong Kong against Beijing’s decisions had little leverage to effect change.

In recent years, the democrats had been more aware of the possible fraud practices, including vote-packing and gerrymandering. When the voter roster was announced months before an election, some pro-democracy parties would check if there were suspicious cases or conspicuous increase in voter registration. They would publicly announce the suspicious cases of fraud or gerrymandering, raising public concern to earn voter sympathy. They would also report to the Registration and Election Office to check about possible fraud.

However, the opposition is at a disadvantageous position as the administration holds the keys of investigation and law enforcement in relation to electoral fraud. According to electoral laws in Hong Kong, electoral fraud should be reported to the Independent Commission Against Corruption (ICAC), which is responsible for investigation and possible prosecution. The investigation is secretive, and may take months or years. Candidates who feel that they lost because of fraud or unfair procedures can file an electoral petition to court, but that can only be done after the election. The candidate needs to pay for the legal costs involved. Even if they win the appeal, a large part of the term of service may have already run. If the court voids the original election, there is no guarantee that the wronged candidate will win the re-election.

The disqualifications in 2016 are cases in point. The only channel for the disqualified candidates to appeal is to stage a petition to court. In 2018, the court rejected the electoral petition of Chan Ho Tin about his 2016 candidate disqualification. Demosisto candidate Agnes Chow did win her electoral petition related

to the March 2018 by-election, but the result was that the stand-in opposition candidate Au Nok-hin was declared 'not elected properly'. The by-election was declared void and the seat vacant again. The opposition is thus caught in a no-win situation.

6.4 Conclusion: erosion of electoral fairness of Hong Kong

Since the 1990s, elections in Hong Kong have been under the strong influence of China, directly and indirectly. In a period of 25 years from 1991 to 2016, China has stepped in to rewrite the rules four times: 1997, 2004, 2010 and 2016. The LOCPG and the formidable CCP network on the ground in Hong Kong are exerting an ever greater influence in the elections. The China factor has been the most important political context that has shaped the political cleavages and campaign issues in most of the Legco elections in Hong Kong. With the deepening of China's intervention and influence in Hong Kong, China-Hong Kong relations, autonomy or self-determination, and how to deal with the Chinese government, will continue to be dominant factors influencing elections in Hong Kong.

In theory, Legco elections in Hong Kong are 'internal affairs' of Hong Kong, but power considerations had driven the CCP to trespass the boundaries of 'One Country, Two Systems' to directly interfere into Hong Kong elections. The deepening intervention began to threaten key pillars of the free society of Hong Kong: rule of law, freedom of information and speech, procedural justice, and autonomy, and the fairness of elections in Hong Kong. This, in turn, only leads to stronger anti-China sentiments, polarization of opinions and the enlargement of the political gap between China and Hong Kong.

The 2019 anti-extradition movement fundamentally changed Hong Kong politics. Among other things, it brought international concern about freedom and elections in Hong Kong, and began to raise concerns about increased Chinese intervention in Hong Kong elections. The concern of Western governments might have deterred the Hong Kong government from cancelling and postponing the November 2019 District Council elections, and from disqualifying a large number of candidates. The results of the 2019 District Council elections showed that the ideological component of the China factor was dominant, as the strong dissatisfaction against the government overshadowed the formidable mobilization power of the pro-Beijing network. With a historic turnout of 71 percent, the democrats enjoyed a landslide victory of 389 seats out of 452. The democrats' landslide aroused stronger concern of Beijing, with newly appointed LOCPG head Luo Huining seeing the 2020 Legco election as 'a battle to defend the regime' (政權保衛戰). This would again imply more direct and indirect influences of China to the 2020 Legco elections.

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7 China's influence on Hong Kong's economy

Lessons from mainlander tourism

Jackson Yeh Kuo Hao

Traditionally, mainlanders were allowed to visit Hong Kong on business visas and with group tours by the designated mainland tour companies. According to the statistics from the Hong Kong Tourism Board (HKTB), in 1997, 2,364,224 mainland visitors arrived Hong Kong, which represented 20.97% of total visitors. The number continued to grow in the following years. In 2003, the number of mainland visitors became the majority (54.5%) of total visitors and reached at 8,467,211 (Figure 7.1). However, the Severe Acute Respiratory Syndrome (SARS) and a series of economic downturns had massive impacts on Hong Kong's tourism in early 2003. In May 2003, the hotel occupancy rate fell from 84% in 2002 to 18%, and the visitor arrivals fell dramatically 68% (Hong Kong Yearbook, 2003).

The Closer Economic Partnership Arrangement between mainland and Hong Kong (CEPA), as an economic recovery package, was signed between China and Hong Kong on 29 June 2003. The Individual Visit Scheme (IVS) was immediately introduced later, which allowed mainland visitors to visit Hong Kong on an individual basis: at the beginning from four cities (Dongguan, Zhongshan, Jianmeng, Foshan) in Guangdong Province and currently from 49 tier-1 and tier-2 mainland cities. The mainland visitor arrivals to Hong Kong witnessed a significant increase while visitors from all other major source markets fell. For example, the number of mainland visitors surpassed 12.2 million in 2004, a 44.6% growth on a year-to-year basis. In April 2009, at the backdrop of global economic downturn and cross boundary economic integration, the one-year multiple-entry IVS endorsement was launched and saw responding visitors growth which had a positive impact on local business, and produced some social and political impacts.

Tourism is an important sector in Hong Kong's economy. Figures 7.2 and 7.3 illustrate the percentage share of value added of the tourism in GDP and related working population of the tourism to the total working population respectively. Figure 7.2 clearly shows that since the one-year multiple-entry IVS endorsement was launched in 2009, the percentage share of value added of the tourism witnessed a sharp increase. In 2018, tourism represents 4.5% of GDP in Hong Kong. Similarly, the employment associated with tourism reached 4.7% in 2004 after the signing of CEPA, and 6.2% in 2010 after the one-year multiple-entry IVS endorsement was launched in 2009 and 6.6% in total employment in 2018. These figures indicate how the relevant tourism policies stimulated its impressive growth.

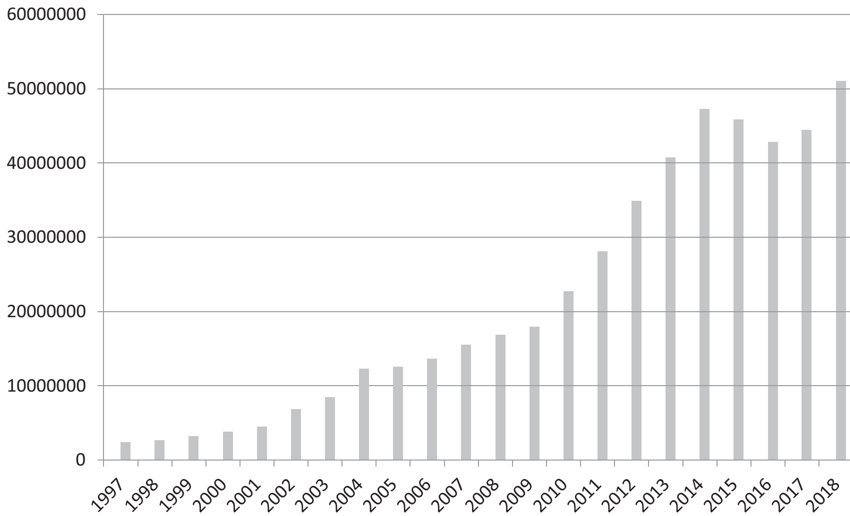

Figure 7.1 Mainland visitor arrivals to Hong Kong 1997–2018

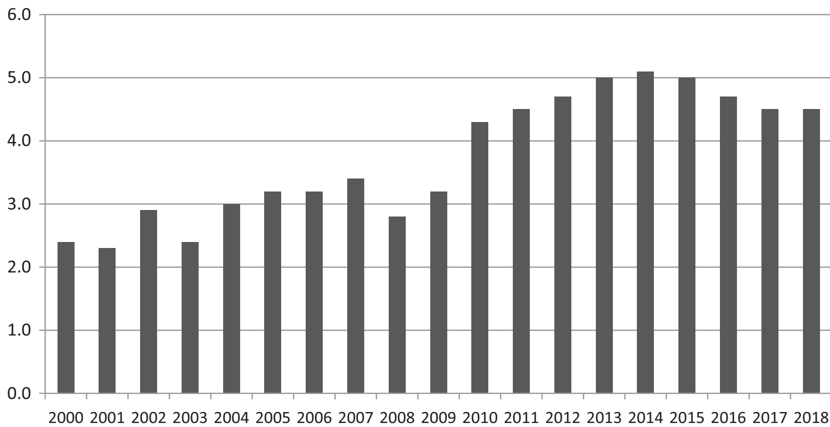

Figure 7.2 Percentage share of value added of the tourism in GDP 2000–2018

7.1 China's direct influence: economic inducements by CCP-state apparatuses under CEPA

Through relevant ministries and offices in the central government, such as the Ministry of Culture and Tourism, the Ministry of Commerce, the Ministry of Public Security, Hong Kong and Macao Affairs Office of the State Council (HKMAO) and related apparatuses and departments in the local government, China can exert its influence on Hong Kong's tourism industry.

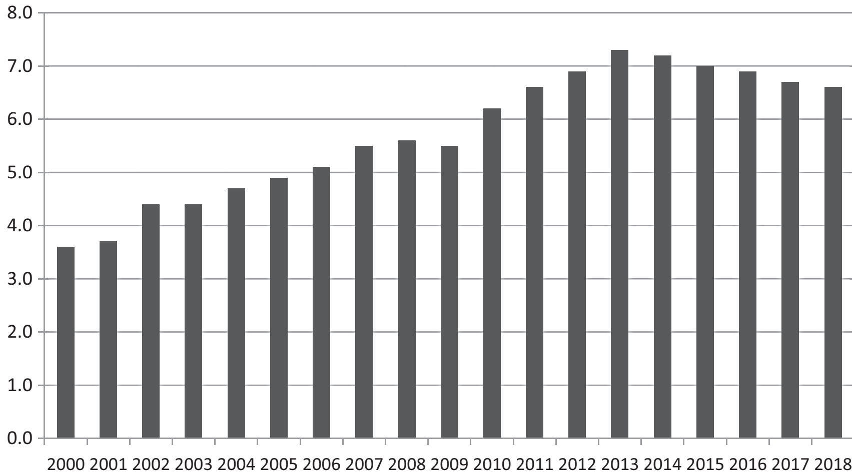

Figure 7.3 Percentage share of employment in tourism in total employment 2000–2018

In the 2002–03 Budget, the Financial Secretary Antony Leung Kam-chung for the first time confirmed the importance of 'Four Pillar Industries', 'as they can foster the development of other sectors, give impetus to our economy, and create employment'. Tourism is the smallest pillar industry, the GDP contribution of the tourism industry ranged from 2.9% in 2002 to 4.7% in 2012.The tourism sector saw CEPA as a precious opportunity to expand its market.[1]

On 19 December 2003, the 'Mainland and Hong Kong Closer Tourism Cooperation Arrangement' was signed. It promised to promote the development of tourism and interaction. However, after discovering some unexpected social problems, such as illegal labor, prostitution and the limited host ability of Hong Kong (for instance, the shortage of hotels and rooms), the central government suspended the further opening. The facts suggest that, instead of the local authorities, the central government has the final say on the floodgate of the visitors (Table 7.1).

The global financial downturn hit Hong Kong in mid-2008 when many small-and-medium enterprises went bankrupt and the stock market dramatically declined. The then Premier Wen Jiabao said Beijing would 'surely support' Hong Kong amid the crisis. One measure was to expand coverage of the IVS (*Ming Pao*, 29 October 2008). There was an atmosphere that only by depending on China could Hong Kong's economy overcome the difficulties. In December 2008, the government worked with the Central Government and Guangdong Province to increase the number of Mainland residents visiting Hong Kong (Press Release 8 December 2008). Meanwhile, the National Development and Reform Commission released the 'Framework for Development and Reform Planning for Pearl River Delta Region' further promoting tourism development in Guangdong and Hong Kong.

With the strong support of Shenzhen and the Hong Kong government, the one-year multiple-entry IVS was released on 1 April 2009.[2] The new measure

Table 7.1 Brief Introduction to the Main Tourism-related Bodies in Hong Kong

Name of the bodies	*Basic Functions*
Hong Kong Association Travel Agents (HATA)	Established in 1957. Currently the association member of TIC. HATA aims to provide a forum for discussion of problems
Travel Industry Council of Hong Kong (TIC)	TIC was established in 1978 to protect the interests of travel agents. TIC membership became a statutory requirement for obtaining the Travel Agent's Licence
Hong Kong Tourism Board (HKTB)	HKTB, established in 2001 under the Hong Kong Tourism Board Ordinance, is a government-subverted body tasked to market and promote Hong Kong as a travel destination worldwide
Tourism Commission	The Tourism Commission was established in 1999 and is under the Commerce and Economic Development Bureau. It is headed by the Commissioner for Tourism who is tasked to map out Government's tourism development policy and strategy

Source: Author's compilation

substantially stimulated the economy, and benefited especially the restaurants, retail and shop rentals. In April 2010, the 'Framework Agreement on Hong Kong/Guangdong Co-operation' was signed, which further facilitated the flow of key factors such as people, goods, information and capital across the boundary. In December 2010, another 4 million eligible Shenzhen no-Guangdong residents (including all persons employed by the government, employees of enterprises and individual business owners) were allowed to apply for Individual Visit endorsements to visit Hong Kong.

The impact of the one-year multiple-entry IVS is huge. On its first anniversary (2009–2010), more than 4.5 million visitors had benefited from this policy and visited Hong Kong; the retail industry recorded 10% growth on a year-to-year basis (*Oriental Daily*, 4 January 2010; *Wen Wei Po*, 1 April 2010). In 2011, 41.92 million visitors arrived in Hong Kong, and among them 28 million were mainlanders (24% growth on a year-to-year basis). 65% of the mainlanders were IVS visitors, and among them 30% benefited from the one-year multiple-entry IVS (*Ta Kung Po*, 6 January 2012). In retrospect, the year 2012 was a watershed of the IVS in Hong Kong while the mainland-Hong Kong conflict restrained its further development. People started to notice the social consequences of the IVS and demanded the government to withdraw the implementation of IVS. The increasing number of 'anchor babies'[3] and the heated issues of cross boundary self-driving made the Leung Chun-ying administration temporarily suspend the expansion of the IVS cities in mid-2012. In reality, Hong Kong people maintained a contradictory attitude towards the IVS. On the one hand, the positive economic effect was widely recognized; on the other hand, the rising commodity prices, and rental and social security concern also worried them. The IVS could not increase the

mutual trust between the mainlanders and Hongkongese, and the image towards the mainland visitors even worsened (HKIAPS, 28 September 2012). The marginal effect of the IVS is questionable and it has become a 'political bomb' to the Leung Chun-ying administration.

In order to reduce the strong opposition, the government strengthened its regulations against the illegal parallel trading in the border town of Sheung Shui[4] and announced the 'zero delivery quota' policy for expectant mainland mothers whose husbands are not Hong Kong residents in January 2013. Since March 2013, many media reported that the government might suspend the one-year multiple-entry IVS; however this did not occur, because the policies involved different mainland local governments (especially Shenzhen) and once the policy was suspended, it would be difficult to launch again. Also, these suggestions faced strong opposition from the retail industry and tourism-related employees when a survey showed that about 60% of respondents believed that the visitors of the IVS should be reduced and the one-year multiple-entry IVS should be cancelled (Public Opinion Programme, The University of Hong Kong, June 2014). Many options were widely discussed in order to eliminate the negative consequences of the IVS. In March 2015, the then Chief Executive Leung Chun-ying visited Beijing and officially suggested that the central government impose limitations on the one-year multiple-entry IVS. Meanwhile, a survey showed that 63.3% of respondents agreed that the number of IVS visitors had surpassed the city's carrying capacity; 66.7% thought the IVS should be reduced; and 70.4% believed that it should be cancelled (HKIAPS, 2015). The overall situation is rather clear that the relevant policy will be changed sooner or later. On 13 April, the mainland authority finally introduced a measure to limit the one-year multiple-entry IVS to 'one trip per week' to Hong Kong (Table 7.2).

Compared to the local governments, which emphasized the short-term, immediate economic effect, and maximized the scale of the IVS, the central government, which holds the final decision making power, plays an important role in adjusting the mainland visitor numbers to Hong Kong. The decision on the expansion of the IVS needs the approval of the Ministry of Public Security and the HKMAO. The central government flexibly adjusts the visitor quota based on the carrying capacity and passenger traffic of Hong Kong. From the perspective of the central government, the gradual expansion of the IVS represents its efforts to support the prosperity and stability in Hong Kong. The Hong Kong economy therefore gradually developed a dependence discourse.

7.2 China's indirect influence: co-optation and mobilization of CCP collaborators in Hong Kong's tourism sector

7.2.1 A new local collaborators network

The first consequence of mainlander tourism in Hong Kong can be found in the expanding Chinese influence in the LegCo elections. Hong Kong is a partial democratic society. The LegCo is composed of geographic and functional constituencies.[5] Tourism became a functional constituency in 1991. The tourism sector

Table 7.2 The Key Measures to Support Tourism in Hong Kong (2003–2017)

Year	*Measure*	*Key Content*
Jun. 2003	CEPA	Mainlanders can visit Hong Kong on the individual-basis
Jul. 2008	Supplement V to CEPA	Migrated workers in Guangdong Province can visit Hong Kong
Jan. 2009	'Framework for Development and Reform Planning for Pearl River Delta Region'	
Apr. 2009	one-year multiple-entry IVS	Shenzhen local residents can visit Hong Kong with one-year multiple-entry permit
May 2009	Supplement VI to CEPA	To facilitate travel trade in the Mainland and Hong Kong to develop multi-destination tour products
Dec. 2009	Further expand the IVS	Shenzhen non-Guangdong residents were allowed to visit Hong Kong on individual basis
Apr. 2010	Framework Agreement on Hong Kong/Guangdong Co-operation	Facilitated the flow of key factors such as people, goods, information and capital across the boundary
Dec. 2010	Further expand the IVS	Shenzhen non-Guangdong residents were allowed to visit Hong Kong on individual basis
Feb. 2011	The 16th Working Meeting of the Hong Kong/Guangdong Co-operation Joint Conference	Improve the tourism cooperation, negotiation and communication mechanism. Promote the Guangdong-Hong Kong tourism overall development plan
Jun. 2012	Supplement IX to CEPA	To allow Hong Kong travel agents established on a wholly-owned or joint venture basis in the Mainland to apply for the operation of group tours to Hong Kong and Macao
Sep. 2012	Further expand the IVS	4.1million Shenzhen non-local residents were eligible to apply for IVS
Apr. 2015	Cancellation of one-year multiple-entry IVS	Adjust the 'multiple-entry' Individual Visit Endorsements by replacing it with the 'one trip per week' Individual Visit Endorsements
Aug. 2017	Agreement on Further Enhancement of Tourism Co-operation between the Mainland and Hong Kong	Further strengthen exchange and co-operation between the two sides in tourism development

Source: Author's own compilation.

representative should be elected by corporate voting (most of them are travel agencies and airways companies). In other words, only the corporates hold the vote and their employees cannot vote in the election (Ma, 2016).[6] Since 1997, the tourism sector was dominated by the pro-establishment camp. In 1998, Howard Young How-wah, a senior Urban Councilor and a general manager in Cathay Pacific Airways, the flag carrier of Hong Kong, was elected without any challenger.[7] In 2000 and 2004, Howard Young successfully maintained his seat with majority support (45.07% and 48.20% respectively). Howard Young refused to run in the 2008 election due to retirement. This decision made the election more competitive.[8] Year 2008 witnessed the fiercest election in the tourism sector. Paul Tse Wai-chun, a pro-establishment senior solicitor who never participated in the tourism sector elections in 2004, was elected with merely 36.69% of the votes among four candidates.[9] It is worth noting that the Liaison Office of the Central People's Government in the Hong Kong Special Administrative Regime (LOCPG) was reported to have provided its support to its preferred candidate in the 2008 elections (*Apple Daily*, 26 August 2008; Ma, 2013: 110). However, Paul Tse's win was proven to be an exceptional case, Yiu Si-wing, a vice director at China Travel Service (CTS), who reportedly received the support from the LOCPG, won the seat in 2012. Paul Tse finished his short four-year term and was successfully elected in another geographic constituency with the help of the LOCPG (*Apple Daily*, 31 December 2012).[10] In the 2016 elections, Yiu Si-wing received 625 votes (60.86%) and was re-elected (Table 7.3).

After carefully examination of the tourism sector elections since 1991, we can find some features, as follows, that arose when a new local collaborators network was gradually built up under China's influence.

The decreasing influence of the Swire group: Swire group is a diversified British group and the principal shareholder of the Cathay Pacific Airways.[11] Swire group and its candidates dominated the tourism sector since 1991. Without the support from the Swire group other candidates could hardly challenge the seat. However, the situation has changed since 2004 when Paul Tse, who had no direct relation with the Swire group, mounted a substantial challenge to the incumbent Howard Young. The Swire group lost its domination over the Tourism sector in 2008. The decreasing influence of the Swire group represents how the traditional British companies gradually lost their influence in Hong Kong.[12]

The increasing role of the LOCPG: In the 2008 elections, the LOCPG and Chinese-capital companies used banquet opportunities to support their preferred candidate Joseph Tung (Ma, 2013:110). Although the support could not ensure the result of the elections, it was witnessed that the LOCPG gradually intervened in the tourism sector elections.[13] The LOCPG finally sent its candidate Yiu Si-wing into the LegCo in 2012, who represents the CCP-owned China Travel Service.[14] Actually, the China-related background candidates gradually became an influential group in the Legislative Council (*Apple Daily*, 24 July 2012).

Political cleavage: the 'pro-democracy and pro-establishment' discourse is not the main political cleavage in the Tourism sector elections. The pro-democrat

Table 7.3 The Background Analysis of the Tourism Sector in the Legislative Election in Hong Kong (1997–2016)

Years	*1998–2000*	*2000–2004*	*2004–2008*	*2008–2012*	*2012–2016*	*2016 to present*
Name	Howard Young	Howard Young	Howard Young	Paul Tse	Yiu Si-wing	Yiu Si-wing
Occupation	Business	Business	Business	Solicitor	Business	Business
Political Affiliation	Liberal Party	Liberal Party	Liberal Party	Pro-establishment independent	Pro-establishment independent	Pro-establishment independent
Votes received	Uncontested	274 (45.07%)	349 (48.20%)	324 (36.69%)	523 (56.48%)	625 (60.86%)
Candidates	1	3	3	4	2	3

Source: Electoral Affairs Commission, HKSAR in different years.

camp could not even find proper candidates because the Hong Kong capitalists are usually conservative in politics.[15] The numbers of voters in the functional constituencies are relatively limited (the candidates therefore do not need help from their political parties in order to approach and mobilize their voters) and the industrial interest is more important than other territory-wide policies. Therefore, political affiliation is not so crucial to the tourism sector elections. The Liberal Party mainly depends on the functional constituency elections to win their seats. In the 2008 elections, Joseph Tung also joined the Liberal Party although he did not highlight his political affiliation. In the 2012 elections, it was reported that Ronnie Ho, a Liberal Party member and the former TIC chairman, would run in the elections, but Ho finally did not join the competition after Yiu Si-wing announced his candidacy. In sum, the principal political cleavage in the tourism sector lies in the confrontation between the big travel companies and other small-and-medium travel agencies.

7.2.2 Shaping the context: the making of the discourse of economic dependence

As discussed, the IVS (from July 2003 to present) and the one-year multiple-entry IVS (from April 2009 to April 2015) made Hong Kong tourism heavily dependent on mainland visitors. Many scholars believed that these policies could stimulate Hong Kong's weak economy amid the financial crisis, therefore there was 'so much to gain and nothing to lose' (*Hong Kong Commercial Daily*, 14 January 2009). As a small economic body, the Hong Kong government adopted a dependence strategy to deal with the great economic power of China. This kind of thought underestimated the negative social and political impact and treated mainland visitors as an immediate economic panacea and further strengthened the dependent status of the Hong Kong government. In other words, the more it relied on Beijing, the weaker it became in the bilateral economic relations.

However, the Hong Kong government actively strengthened this dependent status by highlighting the importance of 'new opportunities' in China's modernization process. The Policy Address, the annual address made by the Chief Executive, works as a useful way to predict and understand the government policy operation. In the 2003 Policy Address, when talking about the individual travelers from Guangdong Province, Tung Chee hwa argued that: 'These measures will not only provide a welcome stimulus to tourism and consolidate our position as a preferred tourist destination, but will also help to further strengthen our ties with Guangdong Province and expand the scope for mutual co-operation.' After a quick recovery from the SARS outbreak, Tung promised in his 2004 Policy Address to further extend the IVS, and 'step up collaboration with the Mainland, in particular the Pearl River Delta, to promote tourism'. In the 2005 Policy Address, Tung iterated that 'we will take active measures to consolidate existing advantages and further develop our potential' and 'making Hong Kong even more attractive as a shopping paradise'. Obviously, the Tung administration positively evaluated the immediate economic contribution caused by the implementation of CEPA. The

year of 2006 marks the new era of Donald Tsang Yam-kuen. In his first Policy Address, Tsang speeded up the process of integration between China and Hong Kong and highlighted the opportunities brought about by the National 11th Five-Year Plan in which it is clearly stated that support will be given to Hong Kong's development of tourism. Furthermore, the 2007 Policy Address stressed the cross-boundary infrastructure projects, including the Guangzhou-Shenzhen-Hong Kong Express Rail Link, Hong Kong-Zhuhai- Macao Bridge, and Hong Kong-Shenzhen Airport Co-operation. All of these mega projects aim to foster further integration between Hong Kong and the neighboring regions of Shenzhen and the Pearl River Delta. In the conclusion part, Tsang stressed the close relations by saying that: 'Our successors have to look at Hong Kong from the perspective of our nation's development. Only from this vantage point will they be able to see Hong Kong's promising future' (sec. 127). Obviously, this is the 'new direction' set up by the Tsang administration for the Hongkongese. The pace of economic integration has been accelerating during the global recession since 2008. To meet the challenges, the Tsang administration intensified economic integration with the Pearl River Delta Region and tried to build a Hong Kong-Shenzhen international metropolis as well as strengthening co-operation with Guangdong. In the 2009 Policy Address, the government, once again, sought a helping hand from the central government. Mainland visitors were regarded as an effective way to further boost tourism development (sec. 15). Although tourism performed impressively in 2010, 23 million visitors were recorded in the first eight months, this was accompanied by the controversial malpractice and quality problems (sec. 103). More government regulations were therefore expected. In addition, to ensure that Hong Kong could better leverage its functions during the National 12th Five-Year Plan period, Hong Kong-Guangdong co-operation was again addressed. Following this line of thought, 'seize new opportunities in the mainland' has become the strategy to maintain Hong Kong's competitiveness in the 2011 Policy Address. The Tsang administration continued its reviewing work on the operation and regulatory framework of the tourism sector. Instead of reducing the numbers of mainland visitors, more tourism facilities and expansion were launched. When Leung Chun-ying released his first Policy Address in 2013, different from his predecessor, Leung formulated a holistic industry policy by setting up a high-level and cross-sectoral Economic Development Council (EDC), and several working groups (including Convention and Exhibition Industries and Tourism) were set up under it in order to make concrete recommendations to the government. A comprehensive co-operation between Hong Kong and Guangdong, including tourism, was also fostered (sec. 23 and 26). For the first time, in the 2014 Policy Address Leung admitted that 'an excessive number or over-concentration of visitors may exert pressure on Hong Kong', and therefore 'to attract Mainland visitors in an appropriate and orderly manner in light of Hong Kong's economic and social situations' was important (sec. 22 to 23). The temporary freeze on the number of pilot cities for the IVS and the scope of the multiple entry permit arrangement, although rather late, eased the press of Mainland visitors. The Leung administration in its 2016 Policy Address stressed that Hong Kong 'should pursue a

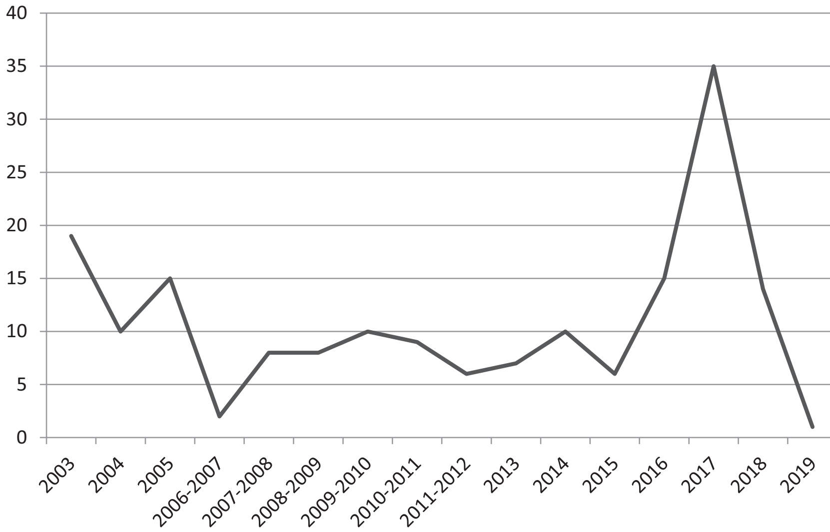

Figure 7.4 The frequency of "tourism" in Policy Address 2003–2019

balanced, healthy and long-term development of the tourism industry' and step up its overseas, especially in Southeast Asia, publicity efforts (sec. 17 to 18). Carrie Lam Cheng Yuet-ngor took office as Chief Executive in July 2017. In her first Policy Address, the Lam administration set a clear mission in order to attract more high-yield overnight visitors. A high-level tourism coordinating meeting was held in order to drive the implementation of various tourism-related measures (sec. 107, 109). The 2018 and 2019 Policy Addresses also reiterated and continued the abovementioned efforts.

All in all, against the backdrop of economic integration between Hong Kong and Mainland, different Chief Executives have highlighted the crucial role played by Mainland visitors, especially amid the economic difficulties. Figure 7.4 shows that the years of 2003, 2005, 2009–2010 and 2014 afterward represent the higher frequencies when 'tourism' was mentioned in the Policy Address. The dependent status in which the central government was a giver and controller and Hong Kong was a proactive help-seeker was therefore gradually constructed. Compared to Macao, which continually pays attention to its 'environmental carrying capacity', the Hong Kong government obviously ignored the relevant influence.[16] Until September 2012, when the Hong Kong government announced that it would evaluate its carrying capacity, including customs, tourist spots, public transport, hotels and the economic effect of the IVS, and general social impacts. The Assessment Report was finally completed in December 2013, and it concluded that, as a free port and a small and externally oriented economy, Hong Kong cannot and should not set a limit on the overall visitor arrivals (Commerce and Economic Development Bureau, 2013). This belated report aroused wide criticism because

it did not involve the social carrying capacity. In reality, the concern and warning signals had been issued by the then vice premier Wu Yi before the IVS was launched in 2003. As Wu said, it is easy to open the floodgate, but whether Hong Kong could afford the visitors was a problem (*HKEJ*, 2 May 2014).

Although economists already urged that Hong Kong should not merely depend on the mainland market but explore other emerging markets, such as Vietnam and India (*Hong Kong Daily News*, 4 June 2014), economic consideration is one of the main reasons why the dependent status continues. An economist estimated that if the same-day visitors in the one-year multiple-entry IVS were reduced, the tourism sector would face an annual 10 billion of losses and 10,000 might lose their jobs. The damage might increase to 71.8 billion losses if there were to be a reduction of 20% of over-night visitors (*Ming Pao*, 28 May 2015). A commentator therefore used the concept of 'resources curse' to describe Hong Kong's tourism development after 1997 and argued that Hong Kong should increase its tourism quality instead of quantity (*Ming Pao*, 14 April 2015).

7.3 Counter-Chinese influence mobilizations: from Recovering Actions to legislative protests

The social problems that result from the increasing numbers of mainland visitors are underestimated. A series of counter-Chinese influence mobilizations can be found when the government could not properly tackle the negative consequences caused by mainlander tourism.

In January 2012, more than 1,000 angry protesters organized online besieged the Italian company Dolce & Gabbana's flagship Tsim Sha Tsui luxury store in order to protest the alleged discrimination that only foreigners and mainlanders were allowed to take photographs there. This photo-ban event even drew the attention of the Equal Opportunities Commission which demanded a further explanation. Finally, Dolce & Gabbana expressed its belated 'truly sorry' for having offended Hong Kong people. This event reflected the sensitivity of China-Hong Kong relations and the negative feelings caused by Mainland visitors. Therefore, many scholars agreed that the IVS is a 'double-edged sword' to Hong Kong. For example, Wong, Zheng and Wan (2016) found that political trust rapidly diminished in recent years due to the introduction of the one-year multiple-entry IVS endorsement. Lui (2015) criticized the real problem of the Hong Kong inbound tourism: that the HKSAR is overly reliant on the mainland market. Therefore, Hong Kong needs to upgrade its service and enhance its own competitiveness. Yew and Kwong (2014) argued that the rapid Mainland-Hong Kong socioeconomic integration threatened the sense of distinctiveness and intensified their resistance to assimilation.

Due to an active defense against China's attempts to control civil liberties in Hong Kong, Hong Kong is becoming China's offshore vibrant civil society. Protests, rallies and assemblies have become a daily routine in post-1997 Hong Kong (Hung and Ip, 2012). Under the expanding Chinese influence, the counter-mobilization of civil society, which highlights the autonomy and core values in Hong Kong, has

become the political basis in varied social movements. One of the immediate results of the counter-mobilization of civil society is the anti-mainland sentiment. Under these circumstances, Hong Kong was trapped into becoming a divided society over the cross-border issue. A series of anti-parallel traders campaigns were launched, and the protesters argued to 'recover' Hong Kong from the mainlanders for the Hongkongese. In February 2015, hundreds led by local organizations, such as Civic Passion and Hong Kong Indigenous, marched in Tuen mun and shouted 'go back to the mainland' and 'give us back Tuen mun' at Mainland visitors in order to oppose the impact of parallel trading (*SCMP*, 9 February 2015). One week later, a protest organized online erupted in another 'parallel trading heaven', Shatin. Hundreds of protesters expressed their resentment at Mainland visitors and asked them to 'drink their own milk powder'. The colonial-era flag was waved and some people shouted 'Hong Kong independence' and 'Leung Chun-ying Step Down' during the protest (*SCMP*, 16 February 2015). Another violent protest could be found in Yuen Lung in March 2015 when the government still had no effective measures to deal with the uncontrolled parallel trading activities. Strong anti-mainland sentiments caused chaotic confrontations and resulted in dozens of people's arrests and injuries. Some scholars criticized the government, which merely focused on the quantity, rather than the quality, of visitor arrivals, and called for a comprehensive review of the IVS and relevant tourism policies (Zheng et al, 2015).

Different political parties and groups also seized this opportunity to extend their influence. For example, 'Hong Kong First' created in 2013, launched a 'wheeled suitcase' protest and urged the authorities to cap mainland tourist arrival numbers. However, a harsh dispute could be found between the campaign and other pro-establishment groups, such as 'Defend Hong Kong Campaign' and 'Voice of Loving Hong Kong'. Similar Counter-Chinese influence mobilizations could be found in the elections when cross-border economic integration became the controversial issue. In the 2012 LegCo elections, the IVS was widely regarded as a threat from China by the opposition parties. Some worried the IVS would turn Hong Kong into a 'Chinese colony' and opposed 'Hong Kong being dyed red'. In the 2016 LegCo elections, some localist groups also actively participated in the campaign. Finally, the radical Civic Passion and Youngspiration won seats.

These counter-mobilizations intensified the mainland-Hong Kong confrontation, and strengthened localism and identity. According to a longitudinal survey, in 2017, 28.3% respondents felt negatively about the mainland people, higher than American people (11.4%) and Japanese people (8.1%). However, only 3.6% respondents maintained the similar feeling about the Taiwanese people.[17] As observed by Fong (2017), the rise of localism and local identification are the counter-mobilization to the expanding Chinese influence. Wu (2014) also argued that Beijing intended to create an economic and trade dependent relation between China and Hong Kong; however, while the Chinese intervention increased, more civil resistance movements could be found. Since mid-2008, the national identity had gradually declined in Hong Kong especially among the young. For example, compared to 38.6% respondents identifying themselves as 'Chinese' in June 2008, merely 10.9% of respondents kept the similar attitude in December

2019, and in contrast, 55.4.% and 22.4% of respondents identified themselves as ‘Hongkongese’ and ‘Hongkongese in China’, respectively.[18] Although great efforts were made to interpret the mentioned phenomenon (for example, Yew and Kwong (2014), Chiu (2016),), so far we do not have adequate explanations. One possible reason behind the identity turning point is the introduction of the one-year multiple-entry IVS endorsement in April 2009. The IVS is a deep-rooted institutional factor of the increasing local Hong Kong identity, which, in turn might affect people’s attitude toward tourism development (Ye, Zhang, Shen and Goh, 2014). The rise of Counter-Chinese influence mobilizations and strong backfires finally prompted the central government to adjust its IVS policies.

7.4 Conclusion: lessons from Hong Kong’s mainlander tourism

The aim of this chapter is to depict the mainlander tourism in Hong Kong and its consequences. Started from discussing the overall development of the IVS since 2003–2019, this chapter described how China influences Hong Kong’s tourism sector, especially its representative in the Legislative Council elections. I further analyzed how the dependent status was constructed between China and Hong Kong at the backdrop of cross-boundary economic integration. Finally, this chapter discussed the counter-mobilization in Hong Kong’s civil society.

This chapter has some practical implications. First, Hong Kong (as ‘peripheral autonomy’) gradually eroded its autonomy and created a dependent status in the cross-border tourism. Second, Hong Kong should mitigate the negative influence as the consequence of mainlander tourism. Third, for other societies and countries under China’s expanding influence, this chapter provides a timely example in analyzing the cross-border tourism under the regional economic integration and its possible social impacts. In August 2017, the ‘Agreement on Further Enhancement of Tourism Co-operation between the Mainland and Hong Kong’ was signed and aimed to further strengthen exchange and co-operation between the two sides in tourism development. The Lam administration obviously takes a more cautious attitude towards the IVS. However, when considering the social impacts, there is no plan to change the current IVS plan. Since mid-2019, Hong Kong was trapped into serious social unrest due to the anti-Extradition Bill movement. In early 2020, the mainlander visitors sank 97.8% to the historical low under the disease Covid-19, and the tourism sector suffered from an unprecedented downturn. Once again, people started to expect that the resumption of cross-border tourism might save Hong Kong’s economy (*HKEJ*, 10–13 April 2020). One thing for sure is that when the notion of ‘economic integration’ takes central stage, it will continue to become a sensitive concept for pro-democrats in Hong Kong under the expanding Chinese influence.

Notes

1 Until June 2012, the eligible mainland-Hong Kong joint ventures travel agencies could run the outbound travel (Hong Kong and Macau only) in China.

2 Shenzhen ranked first in GDP per capita among mainland cities. In 2009, Shenzhen had 2.3 million registered residents and 7.4 million non-local residents.

3 Refers to those children born in Hong Kong whose parents are not Hong Kong permanent residents.
4 There were one million parallel traders in 2012, more than 90% of the one-year multiple-entry IVS holders were parallel traders (*Ming Pao*, 1 and 2 January 2013). However, Security Bureau estimated that 60% of the parallel traders were Hong Konger (*Sing Pao*, 20 January 2013).
5 There are 70 seats in the LegCo, 35 seats (50%) are geographic constituency, which are directly elected by the voters; the other 35 seats (50%) are functional constituencies, which are elected by the eligible voters (including bodies and individuals) in 28 sectors. The number of registered electors in 2019 was 229,750. See https://www.voterregistration.gov.hk/chi/statistic20193.html [Accessed 22 April , 2020].
6 The number of registered electors in Tourism sector in 2019 was 1,322. See Ibid.
7 Swire is a highly diversified global group and Cathay Pacific Airways is one of its members. Swire was regarded as the most influential actor in the Tourism sector.
8 Howard Young was soon appointed as the CPPCC Hong Kong delegate, a top political advisory body, by Beijing and continued his political influence after 2008.
9 Including the main competitor Joseph Tung, the executive director of the Travel Industry Council of Hong Kong, who won 35.67% votes. Yip Hing Ning Freddy, the chairman of the Hong Kong Travel Agent Owners Association, got 18.46% and finally Paulus Johannes Zimmerman, received 9.17%. Paul Tse was criticized by other candidates because he was not a tourism industry practitioner.
10 Paul Tse publicly admitted that the LOCPG offered him a helping hand by introducing important social organizations and people and mobilized the networks and resources to support him.
11 The Swire group has a 45% share of the Cathay Pacific Airways, and another main shareholder is Air China (29.99%). See the website of the Swire group at goo.gl/Kfk5bF [Accessed: 22 April , 2020].
12 Swire Travel, established in 1948 and a member company of the Swire group, was sold to a Chinese company in 2017.
13 In the 2004 elections, Paul Tse never communicated with the 'high level"'of the LOCPG and it was reported that the LOCPG did not support any particular candidate (*Hong Kong Economic Times* 26 August 2004).
14 Yiu Si-wing refused to recognize that his Chinese company background would benefit his campaign. (*Sing Tao Daily* 17 May 2012).
15 According to Ma (2013:120), among the 28 functional constituencies the pro-democrats camp participated merely 13 sectors from 1985 to 2008. Paulus Zimmerman, a founding member of the pro-democrats Civic Party, is the rare candidate who ever run for the Tourism sector elections in 2008.
16 For example, the Institute of Tourism Studies, commissioned by the Macao SAR government, conducted many surveys about the optimal social carrying capacity of Macao's tourism.
17 see Public Opinion Programme, The University of Hong Kong at: https://www.hkupop.hku.hk/chinese/popexpress/people/datatables/datatable21.html [Accessed: 29 April 2018].
18 See Hong Kong Public Opinion Research Institute at: https://www.pori.hk/opinion-charts-3 [Accessed: 22 April 2020]. In April 2008, another similar survey showed that 41.5% respondents identified themselves as Chinese. See Chiu (2016).

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8 China's influence on Hong Kong's media

Subduing press freedom

Chan Chi Kit

A wrestling question to a hybrid regime is: how to absorb democratic means for authoritarian ends? This governance paradox is particularly salient to China when it comes to the administration of 'peripheral autonomy'. The introductory chapter of this volume outlines a conceptual framework explicating China's expanding influences from its inland to East Asia. 'Peripheral autonomy' refers to the 'offshore regions' which are under Chinese sovereignty but administered by autonomous governance under the 'One Country, Two Systems' model, exemplified by two Special Administrative Regions (SARs)—Hong Kong and Macau—after their handover to China in 1997 and 1999, respectively. While being subject to the 'state-building nationalism' stemming from the echo of 'One Country', the notion of 'Two Systems' implies the parallel existence of governance structures, social institutions and administrative practices which are different from the directly controlled provinces under the Chinese government. China's SARs thus are illustrative of 'peripheral autonomy' which is configured with a mixture of authoritarian power of China and some extent of institutional autonomy at local level.

Media professionalism in Hong Kong is highly indicative of this mixture of China's authoritarian power and local institutional openness. To China, media is an ideological status apparatus for state propaganda and ideological indoctrination of partisan allegiance. To Hong Kong, media has been performing the social role of 'surrogate democracy'—filling in the missing gap of under-developed democratization by positioning itself as a representative chamber of the people (Chan and So, 2005). Yet China could hardly turn Hong Kong media as its mouthpiece in spite of its overwhelming influence in this city. Firstly, resilient media professionalism (Chan and So, 2005) and its appeal to public support is still a loud resistance against partisan takeover of editorial independence of the press. According to the tracking research conducted by the Centre for Communication and Public Opinion Survey of the Chinese University of Hong Kong, media credibility perceived by Hong Kong people is dropping throughout the post-handover years[1]. Among them, Chinese partisan press organizations are yielding lower scores of media credibility than other media. This finding shows public disapproval of partisan press ideologies in Hong Kong. Equally important is that the constitutional framework of 'One Country, Two Systems' provides a legal protection for press freedom. Article 27 of the Basic Law explicitly states that 'Hong

Kong residents shall have freedom of speech, of the press and of publication'. Moreover, Hong Kong is also a signatory of the International Covenant on Civil and Political Rights (ICCPR), which upholds the freedom of expression and right to information. The ICCPR is stipulated in Article 39 of the Basic Law as an international treaty by which Hong Kong must abide.

However, the *de jure* constitutional protection of press freedom and resistance by media professionalism apparently fall short of China's manoeuvres to control the media in Hong Kong. This chapter revisits the decades-long process of containing media professionalism by China and its collaborators since the transition period before the handover in 1997. It also unravels how China has flexed its muscles to Hong Kong media in a more direct and explicit way in post-handover years when it ascended as a world power. Simply put, China began its engagement with Hong Kong media by indirect approaches, for instance, establishing political and economic connections with media owners and senior managers of the press, and exercising influence via media self-censorship—creating fear and intangible taboo among journalists when they criticize China rather than making direct and overt intervention in editorial decisions. However, as Hong Kong media gradually fell into the political and capitalist influence of China in post-handover years, China resorted more frequently to direct influence such as providing official 'advice' on news reporting and causing a nuisance to Hong Kong journalists when they worked in other Chinese provinces. Media professionalism in Hong Kong is difficult to convert to partisan press ideologies, yet China manages to contain it by setting more and more 'red lines' to the news coverage and journalistic practices in Hong Kong. This calculative and cumulative process illuminates China's *modus operandi* of 'peripheral autonomy'—gradually containing institutional autonomy and civic freedom by strategic and flexible employment of both indirect influence and direct manoeuvres.

8.1 Background: 'soft approach' before the handover of Hong Kong

China's engagement with Hong Kong media could be traced to the transition period of the city when the Sino-British Declaration was concluded in early 1980s. Hong Kong media had been characterizing a pattern of power-dependence before the handover in 1997 (Chan and Lee, 1991; Lee and Chu, 1998). In brief, press ideologies of media organizations varied in accordance with the political power on which they were based. In this regard, the struggle between pro-China communists and pro-Taiwan nationalists in post-war Hong Kong had resulted in a parallel structure of the press organizations when both regimes mobilized Hong Kong media for partisan ideological propaganda (Lai, 2007). Since the 1970s, the rise of the middle class and its desire for non-partisan information gave rise to the emergence of centrist and intellectual media (Chan and Lee, 1991). However, the abovementioned pluralistic structure was soon vulnerable to the rise of China's influence over Hong Kong media when this international hub was confirmed to be transferred to China, as the influence of Taiwan, Britain and colonial Hong

Kong started fading out in the transition period before the handover (Lee and Chu, 1998; Lai, 2007). Nevertheless, Hong Kong was still not a part of Chinese territory before 1997. China therefore primarily took a 'soft approach' by exercising its indirect influence on Hong Kong media, which aimed to lure the non-partisan press organizations to establish political understanding of and socioeconomic connection with China.

The most prominent step taken by China in the transition period was offering political ties to media owners and their senior managers in Hong Kong. Even before resuming its sovereignty, China was dubbed as the 'second power center' which was able to exert influence on the politics and policies of colonial Hong Kong (Tsang, 1999, p. 243). As the 'future owner' of Hong Kong in the transition period, China initiated a number of official titles in the name of setting up the Hong Kong Special Administrative Region (HKSAR) in 1997: members of Basic Law Drafting Committee, Basic Law Consultative Committee, Preparatory Committee of HKSAR, Selection Committee for the First Government of the HKSAR, and Hong Kong Affairs Adviser (Ma, 2007, p.167). In addition, China also appointed media owners in colonial Hong Kong as deputies to the National People Congress and members of the Chinese People's Political Consultative Conference.

Co-optation to media owners and senior managers of the Hong Kong press aimed at increasing China's influence in the ownership structure of Hong Kong media paved the way for media self-censorship, which refers to the fear of offending powerful stakeholders in news reporting (Lee and Chan, 2009). In fact, on the eve of the handover, journalists in Hong Kong already felt a self-censored pressure in newsrooms with regard to criticism against China even before the full resumption of Chinese sovereignty (Chan, Lee and Lee, 1996). Through political co-optation, media owners and their senior managers in Hong Kong gradually became the 'local collaborators' of China to curb critical voices of Hong Kong media. As this chapter is going to reveal, media self-censorship intensified in the post-handover years, thanks to the tilted media ownership towards China.

8.2 China's indirect influence: co-optation and mobilization of CCP collaborators in Hong Kong's media

8.2.1. Tightening the screw on Hong Kong's media ownership

Further to the co-optation campaign before the handover, most owners or key shareholders of Hong Kong media now have political titles granted by Chinese government. Members of National People Congress or Chinese People's Political Consultative Committee are the most common affiliation. Table 8.1 lists out the major affiliation between China and the key people of Hong Kong media.

Increasing China's stake in the media ownership in Hong Kong illuminates ascending China's socio-economic power in the global market, and how China takes advantage of its sizable economy and exerts its influence by market operation. I-Cable Communications, the news department which had won a strong reputation in Hong Kong because of its objectivity and credibility, was sold to

Table 8.1 Political and Economic Connection between Beijing and Hong Kong Media

Media (Press)	*Media Owners/Key investors*	*Political and/or Economic Connection*
Oriental Daily / *The Sun* (*The Sun* ceased to publish since 1 April 2016)	Ma Ching Kwan	Former member of the CPPCC, was invited to a meeting with Chinese President Xi Jing Ping in 2014
Sing Tao Daily/ *Headline Daily*/ *The Standard*	Charles Ho Tsu Kwok	Current member of the Standing Committee of the CPPCC, was invited to a meeting with Chinese President Xi Jing Ping in 2014
Ming Pao	Tiong Hiew King	Pro-Beijing, criticised Occupy Central movement (note 1) / Owner of Rimbunan Hijau Group, a Transnational Corporation with projects of property development, mining and oil industries in China
Hong Kong Economic Journal	Richard Li Tzar Kai	Current member of Beijing Municipal Committee of the CPPCC; and was invited to a meeting with Chinese President Xi Jing Ping in 2014
Hong Kong Economic Times	Lawrence Fung Siu Bor	Awarded Gold Bauhinia Star in 2003, former member of the CPPCC
South China Morning Post	Jack Ma	Owner of Alibaba Group, prominent business conglomerate in China; Zhejiang Province People's Political Consultative Conference (2008-2012)
Media (Electronic)	*Media Owners/Key investors*	*Political and/or Economic Connection*
i-Cable Communications	Henry Cheng Kar Shun	Current member of CPPCC, owner of New World Development, a Hong Kong conglomerate which has significant business projects in China; GBS 2001

(*Continued*)

Table 8.1 Continued

Media (Electronic)	*Media Owners/Key investors*	*Political and/or Economic Connection*
Now TV/ VIU TV	Richard Li Tzar Kai	Current member of Beijing Municipal Committee of the CPPCC, was invited to a meeting with Xi Jing Ping in 2014
TVB	Li Rui Gang	Member of Chinese Communist Party, former Associate Secretary of Shanghai Municipal People's Government; former Chief Executive Officer of the state-owned Shanghai Media & Entertainment Group (SMEG)
Asia Television (whose free TV licence expired since April 1, 2016)	CHAN Wing-kee (Hong Kong Major shareholder, until 2016)	CPPCC (2003-2018); NPC (1993-2003) GBM 2016; GBS 2000
	Wang Zheng (key investor of ATV from 2010-2015)	Former member of National Committee of the CPPCC, chair of Rong Feng Holding, a China-based development company
Metro Broadcast	Victor Li Tzar Kuoi	Current member of National Committee of the CPPCC; deputy Chairman of CK Hutchison Holdings Limited, which owns a variety of business in mainland

Source: In addition to the specific sources listed below, the data were collected from the annual reports issued by the Hong Kong Journalists Association (http://www.hkja.org.hk/site/portal/Site.aspx?id=L1-170&lang=en-US); websites of the National People Congress (NPC) of China (http://www.npc.gov.cn); the Chinese People's Political Consultative Committee (CPPCC) of China (www.cppcc.gov.cn); and the annual reports and / or the websites of corresponding corporations.

[1] 'Pro-China Boss Tiong Hiew King wrote article criticising occupational movement,' *Apple Daily* (Hong Kong) December 7, 2005 (http://hk.apple.nextmedia.com/realtime/news/20151217/54545935).

a consortium spearheaded by Henry Cheng Kar Shun, chairperson of the business conglomerate New World Development, member of the Chinese People's Political Consultative Conference (CPPCC), a political position awarded by the Chinese government (Hong Kong Journalists Association, 2017, p. 9). The story of i-Cable Communications vividly demonstrates the growing reliance of Hong Kong media on Chinese capital and CCP collaborators, however brilliant and

professional the journalists are. The highly competitive media market and the unstable economic position of the Hong Kong media have fostered the influence of Chinese capital and its co-optation of media owners in Hong Kong.

8.2.2 Intensifying media self-censorship

China's increasing stake in the media ownership of post-handover Hong Kong has facilitated the practice of self-censorship in the press. Self-censorship is manifested in ambiguous editorial policies or in judgments that deviate from the widely accepted protocols of journalistic practice to avoid offending influential power-holders (Lee and Chan, 2009). This editorial ambiguity results in organizational self-restraint in response to implicit political bias, economic hostility and social pressure rather than explicit external coercion by laws or force. Furthermore, the parties and personnel who exert such influence usually tend not to be visible to or known by others (Lee and Chan, 2008). The media's practice of self-censorship is therefore an insidious means of spreading China's shadow over the press in Hong Kong. Beijing's uneasiness and intolerance of dissenting news discourses could be transformed into an intangible yet threatening media environment that would discourage negative reportage about China. Examples include the removal of senior or critical journalists from their positions and editorial judgments that contravene well-known journalistic norms and public expectations. Table 8.2 provides a selection of significant cases of media self-censorship in Hong Kong since 1997. Practices of media self-censorship are conducive to China's effort of drawing 'red lines' for Hong Kong media. 'Red lines' refer to the social information or news content that is intolerable to China.

8.3 China's direct influence: interventions from CCP-state apparatuses in Hong Kong's media

Controlling media ownership in Hong Kong and practices of self-censorship is an 'indirect' influence exercised by China, as Chinese officials are seldom explicitly involved in the abovementioned controversies. Most pro-China shareholders and key investors tend not to make open remarks. Scandals of self-censorship engulf conflicts among journalists and senior management, instead of specific Chinese officials or pro-establishment figures. In addition to the 'indirect' influence, post-handover Hong Kong also witnessed the emergence of 'direct' intervention from China to press freedom. Hong Kong journalists are subject to mounting control and even sabotage by Chinese authorities at both central and local levels when they gather news in Mainland China. Meanwhile, Chinese officials also do not hesitate to show annoyance to Hong Kong media publicly. Some even openly 'advise' Hong Kong media on how to report news.

China's direct intervention on Hong Kong media is illustrative of a gradual approach of curbing press freedom and containing media professionalism by 'red lines'. In fact, Chinese leaders seldom openly lectured Hong Kong media in the

Table 8.2 Significant Cases of Media Self-censorship of Hong Kong Media in the Post-handover Years

Year/Month	*Media*	*Personnel/journalists involved*	*Self-censorship incidents*
2020 March	i-Cable Communications	i-Cable Finance Info Channel	On March 20, the Facebook fan page of i-Cable Finance Info Channel posted a news feed regarding China Mobile faced a decrease of 7.25 million users. The feed used humorous wordings and hashtags that implied such decrease might relate to 'China national secret'. I-Cable Communication later fired the finance editor who posted such news feed. (note 1).
2018 August	RTHK	RTHK	Director of RTHK ordered Andy Ho's (chair of Hong Kong Nationalist Party which advocates the independence of Hong Kong) talk at Foreign Correspondents Club not be livestreamed on the excuse of 'the station cannot provide a platform for Hong Kong independence'.
2017 December	HK01	HK01	A report of classified British documents on Tiananmen massacre in 1989 was suddenly withdrawn, substantially revised, and then published again.
2017 July	South China Morning Post	SCMP Online Financial Column	Financial columnist published an article titled 'How's the "Singaporean" investor in The Peninsula's holding company linked to Xi Jinping's right-hand man?' on SCMP webpage. Two days after the publication, SCMP published a clarification saying that the article had 'multiple unverifiable insinuations' and did not meet the paper's standards for publication. The article was then removed and the column was temporarily shut down.
2016 October	Viu TV	Guests of a TV Programme: Chinese dissident Wang Dang, and Hong Kong-based activist, Billy Fung	The two guests expressed remarks on the independence of Hong Kong in a TV programme, VIU TV withdrew the related episode and condemned their comments.

(*Continued*)

Table 8.2 Continued

Year/Month	*Media*	*Personnel/journalists involved*	*Self-censorship incidents*
2016 August	Hong Kong Economic Journal	Joseph Nian, well-known columnist	Nian had been writing columns for Hong Kong Economic Journal for 25 years. His column was suddenly suspended. It was speculated that his comments on the independence of Hong Kong triggered such editorial decision.
2016 April	Ming Pao	Keung Kwok Yuen	Sudden removal from the position of executive chief editor (note 2)
2014 October	TVB	Keith Yuen Chi Wai	The coverage of seven police officers beating a protester during Occupy Central was censored by the news controller, Keith Yuen Chi Wai.
2014 July	*Ming Pao*	Lui Ka Ming	Front-page coverage of 1 July march was modified by the editorial director, Lui Ka Ming.
2014 February	Commercial Radio	Li Wai Ling	The outspoken radio host was sacked suddenly.
2014 January	*Ming Pao*	Kevin Lau Chun To	Removed from the position of chief editor and replaced by Malaysian Chong Tien Siong
2013 July to October	*Hong Kong Economic Journal*	Alice Kwok	There was an exodus of senior editors; the new chief editor Alice Kwok was accused of modifying and withholding sensitive articles
2013 April	TVB	Lee Yin Chit	The station withheld a news feature on the dock strike, a senior editor, Lee Yin Chit, resigned by citing pressure from the management (note 3)
2012 March	Sing Pao	Johnny Lau Yui Siu	The senior commentator's (Johnny Lau) article was toned down its criticalness.
2011 November	RTHK	Ng Chi Sum	The station refused to renew contract with the outspoken host, Ng Chi Sum.

2010 May	TVB	/	Interviews with pro-democratic scholars were discouraged during the 2010 Legislative Council By-election (note 4)
2009 June	*Esquire magazine*	/	A 16-page feature story on the 4th June massacre was removed by the management
2004 June	TVB	/	A member of senior management censored the slogan of protesters after received a phone call from Chief Executive's Office (note 5)
2002 August	Metro Broadcast	Paul Cheung Chung Wah	The managing editor was sacked after he was ordered to play down reports on Chief Executive and Falun Gong spiritual movement
2001	TVB and ATV	/	The two stations followed the mainland terminology as calling Chen Shui Bian as Taiwan's 'leader' instead of 'president'
2000 June	*South China Morning Post*	Willy Lam Wo Lap	Resigned the position of editor by citing the intention of the management to avoid politically sensitive issues

Source: In addition to the specific sources listed below, the data shown in the table were collected from the annual reports issued by the Hong Kong Journalists Association http://www.hkja.org.hk/site/portal/Site.aspx?id=L1-170&lang=en-US or a collection of post-handover censorship incidents in Hong Kong written by Kong Tsung-gan (2018, November 17)

[1] 'Posting "secret" of China Mobile, editor of i-Cable sacked, director of financial channel has resigned, but being retained' *Apple Daily* (Hong Kong) March 26, 2020, A13.

[2] 'Ming Pao sacked chief editor recklessly,' *Apple Daily* (Hong Kong) April 21, 2006, A01.

[3] 'News Magazine suddenly skips coverage of unionist movement, principal editor resigns, unionists charged TVB of self-censorship,' *Ming Pao* (Hong Kong) April 14, 2013, A2.

[4] 'TVB news is full of "pacifists," Keith Yuen: rapid democratization affects stability,' *Apple Daily* (Hong Kong), November 28, 2012, A12.

[5] 'Bruce Lui accused TVB of making fake news,' *Apple Daily* (Hong Kong), June 14, 2013, A10.

early post-handover years. Yet, with the consolidating influence stemming from 'indirect influence' of controlling media ownership and practices of self-censorship, China is stepping up its measures to set explicit 'red lines' for Hong Kong media by expelling foreign journalists, overt disturbances to Hong Kong journalists who work in China, and the lobbying campaign initiated by Chinese officials which aims to exert pressure on Hong Kong media. Direct intervention from China shows its confidence to manage Hong Kong affairs decades after the handover, and rein in the vibrant but defiant Hong Kong media. Table 8.3 illustrates that Hong Kong journalists are subject to explicit Chinese rules and less predictable intervention from Chinese authorities when they report the riots and racial conflicts in China, and topics which hit the 'red lines' such as the independence of Hong Kong.

8.4 Counter-Chinese influence mobilizations: protests by journalists and online media

8.4.1. Protests by journalists

In the midst of China's co-optation of Hong Kong media ownership, scandalous self-censorship practices among news professionals and direct intervention on press freedom, neither journalists nor the civil society has remained silent. Journalists have persistently called the public's attention to the shrinking press freedom by highlighting the vision of news professionalism and its significance to Hong Kong. Table 8.4 summarizes the significant resistant activities mobilized by journalists and the civil society of Hong Kong.

Although journalistic values serve as a professional ground for news workers to resist the practices of self-censorship, this professional resistance is ambiguous. Journalism is not a matter of natural science with an absolute and systematic definition of quality news. It largely consists of social norms and ethical practices according to which newsmakers negotiate and interact with peers and external stakeholders. This process includes organizational routines, common practices and value judgments with regard to news production (Maras, 2013; Schudson, 2003). While journalists and civic organizations pledge to news objectivity and condemn media owners and senior management for self-censorship, the latter also uphold the same discourses to strike back. A typical case was the controversies over TVB's news controller Keith Yuen's handling of video footage which covers police violence in the Umbrella Movement. Yuen's criticism of frontline journalists was also based on his understanding of news objectivity and impartiality—Yuen said reporters should not add the phrase 'kicks and punches' as voice over before settling all possible doubts of the video (Chan, 2015).

8.4.2. Online media

In view of China's expanding influence in the local media sector, some professional journalists turn to online media. For example, the *Stand News*, which was formed by a group of intellectuals and professionals, adheres to their vision of

Table 8.3 Significant Cases of China's Direct Intervention in Press Freedom of Post-handover Hong Kong

Year/Month	*China's Direct intervention to press freedom*
2020 March	The Chinese foreign ministry announced that any US citizens who are working for *The New York Times*, *The Wall Street Journal* and *The Washington Post* have been banned from working in China, including Hong Kong and Macau. The foreign Correspondents' Club sent an open letter to the CE of HKSAR about the issue (note 1).
2018 August	Foreign Correspondents Club in Hong Kong insisted on holding a seminar addressed by Andy Ho, chair of Hong Kong Nationalist Party which advocates the independence of Hong Kong, under warnings of Chinese authorities. Victor Mallet, who hosted the event, later on was expelled from Hong Kong. He became the first foreign journalist who is barred from entering Hong Kong on political ground.
2018 May	Two Hong Kong reporters from i-Cable and Now TV respectively were violently assaulted respectively by Chinese Communist Party's 'internal security police' in plain clothes and by 'public security police' in uniforms, in the normal course of news reporting.
2018	According to the 2018 annual report of the Foreign Correspondents' Club of China, more than 70% of foreign journalists had the experience of being detained during reporting or were prohibited from covering events.
2015 April	Chinese vice-president Li Yuen Chao received delegates of Hong Kong media in Beijing. He called Hong Kong media for considering the holistic interest of China and Hong Kong, and lead the society of Hong Kong to grab the opportunities of China's reform and development by voices of objectivity, justice and fairness. Director of Hong Kong and Macau Office Wang Guang Ya urged Hong Kong media should let Hong Kong people understand that Occupying Movement is harmful to Hong Kong long-term interest.
2014 June	Hong Kong journalists and commentators Wang Jian Ming and Guo Zhong Jiao were arrested in Shenzhen. They were later on prosecuted on the ground of distributing illegal publications.
2013 October	Five Hong Kong journalists were detained by the police when they reported an incident in Tienanmen square in Beijing which claimed five lives.
2013 March	Hong Kong Journalists Association received complaints from Hong Kong journalists from various media organizations, who said themselves were warned, monitored and 'advised' by Chinese officials from the Liaison Office of the Central People's Government in Hong Kong.
2012 March	International Federation of Journalists (IFJ) also said senior management of many Hong Kong press organizations were also subject to pressure from China when reporting election news of Hong Kong's mayor.
2010 May	A journalist from Hong Kong Cable TV was forced to delete the 'inappropriate scenes' by the police in Sichuen province. The police said the news reporting was 'illegal'.

(*Continued*)

Table 8.3 Continued

Year/Month	*China's Direct intervention to press freedom*
2009 September	Three Hong Kong journalists were attacked and hurt when reporting riots in Xin Jiang province.
2009 August	Journalists of NOW TV were detained by police when they conducted reporting in Chengdu, capital city of Sichuen province. The police said journalists kept illegal drugs, but failed to find out any evidence. The police later on forced a Hong Kong journalist to delete the content in her smart phone before letting her go.
2009 May	Chinese officials stopped overseas journalists (including Hong Kong reporters) reporting the victims in Sichuen province who complaint the quality of school-buildings.
2009 March	China did not allow Kate Saunders, a British journalist who supports Tibet, visiting Hong Kong.
2009 March	Chinese government dispelled all journalists from Tibet (including Hong Kong reporters).
2008 March	Chinese government dispelled all journalists (including Hong Kong reporters) from Tibet when there were riots.
2005 April	Senior journalist and commentator, Ching Cheong, was arrested by China. Chinese court said Ching spied state secret and sentenced him to jail. Ching was released in 2008.
2002 August	A local official in Nanjing deterred Hong Kong journalists from interviewing families of poisoning victims.
1998 March	Xu Simin, member of CPPCC, lamented on RTHK for criticizing the government while receiving public money

Source: In addition to the specific sources listed in the table and below, the data shown in the table were collected from the annual reports issued by the Hong Kong Journalists Association http://www.hkja.org.hk/site/portal/Site.aspx?id=L1-170&lang=en-US

Note 1: 'Foreign Ministry expels journalists of three American press agencies, who are banned from working in China, including Hong Kong and Macau', Ming Pao (Hong Kong), March 18, 2020, A10.

reporting the truth independently without distorting the facts. In addition to professional news media, another group of online media adhere to social values other than conventional news professionalism. They believe in citizen journalism, that is, news production by various practitioners that are not professional journalists. For instance, Hong Kong Independent Media clearly stated that they regard mainstream media as representing homogenized voices that express the capitalist momentum. Their citizen reporters include a substantial number of social activists who directly organize and join various social movements. Moreover, some online media promote political campaigns. The *Passion Times* and the *Local Press* often call the public's attention to social mobilizations that protest Chinese visitors and their engagement in parallel trading in Hong Kong. Overall, the online advocacy media have ushered in a critical and plural discussion that may not be tolerated by the mainstream media because of China's influence on media ownership and self-censorship practices. Table 8.5 delineates the active online media in Hong Kong and their basic information.

Table 8.4 Significant Cases of Resistant Activities to Protect the Press Freedom of Hong Kong from China's Influence

Year/Month	*Personnel/journalists*	*Resistant activities*
2019 June–2020 March	HKJA	HKJA published 74 statements and joint-statements in total regarding police's brutality against journalists and disruption to press freedom stemmed from anti-extradition bill protests and subsequent social conflicts.
2015–2016	Journalists and news anchors of TVB	It is reported that roughly one over five journalists from TVB news department resigned in early 2015 as a protest against the oppression by senior management on their coverage of police violence which took place in Umbrella Movement. In April 2016, it is reported that at least seven TVB journalists resigned as they were in conflict with TVB news controller, Keith Yuen (note 1).
2016 April	Column writers of Ming Pao	Three column writers of Ming Pao left their columns empty as a blank box in order to protest the sudden firing of Keung Kwok Yuen, the executive chief editor at that time (note 2).
2015 February	Journalists of Ming Pao and The Hong Kong Alliance in Support of Patriotic Democratic Movements in China (the Alliance)	Journalists of Ming Pao and the Alliance condemned Chong Tien Siong, chief editor of Ming Pao at that time, for suddenly scrapping a news story about Tiananmen massacre in 1989 from its headline position. Chong's action triggered journalists of Ming Pao launched a protest in newsroom.
2014 February	Hong Kong Journalists Association	Hong Kong Journalists Association launched a rally before the government headquarters of Hong Kong, demanded the Chief Executive to protect press freedom. Around 6000 people took part in it.
2014 January	Journalists and column writers of Ming Pao, scholars, and teachers' union	Over 200 journalists and 70 column writers of Ming Pao, 90 local and overseas scholars and teachers' union in Hong Kong signed a petition, expressed concern of removing respectful journalist Kevin Lau from his office as the chief editor of Ming Pao.
2013 March	Hong Kong Journalists Association	Hong Kong Journalists Association called Hong Kong citizens for sending email to the government of Hong Kong and the LOCPG to complaint violence against Hong Kong journalists in China.
2012 March	Well-known writer Johnny Lau Yui Siu	Well-known writer Johnny Lau Yui Siu publicly condemned Sing Pao for altering the content of his column. The revised column seemed to support Leung Chun Ying, the candidate who ran for the Chief Executive at that time.
2011 August	Over 300 Hong Kong journalists	Over 300 Hong Kong journalists joined the protest organized by Hong Kong Journalists Association which condemned Hong Kong police for blocking news reporting activities for the visit of Chinese premier Li Ke Qiang.

Source: In addition to the specific sources listed below, the data shown in the table were collected from the annual reports and statements issued by the Hong Kong Journalists Association http://www.hkja.org.hk/site/portal/Site.aspx?id=L1-170&lang=en-US

Note 1: 'Seven anchors resign, sport unit of TVB news has brain drain', AM730 (Hong Kong), April 22, 2016, p. A01

Note 2: 'Three column writers of Ming Pao leave blank boxes and highlight the firing of Keung Kwok Yuen', Radio Television Hong Kong, April 24, 2016. Retrieved from: http://news.rthk.hk/rthk/ch/component/k2/1256279-20160424.htm

Table 8.5 Active Online Media in Hong Kong

Name	*Year (and date) of Establishment*	*Views on news values*	*Views on mainstream media*	*Remarks*
Professional online media upholding news value				
Stand News	2014 December 30	Reporting the truth independently without distorting the fact, monitoring and checking those who are powerful, voicing for marginalized groups	Nil	Found by a group of professional journalists and intellectuals
Hong Kong Free Press	2015 June	A hub of citizen journalists and well-known contributors amid shrinking press freedom in Hong Kong	Scant English media in Hong Kong offers a business opportunity	Found by British Hongkongese Tom Grundy and Evan Fowler
FactWire	2016 March 1	Credibility is the core-stone of journalism, evidence-based and fair reporting instead of speed news	Nil	Found by former senior journalist of i-Cable Ng Hiu Tung
Citizen News	2017 Jan 1	Passing the baton of news professionalism, working for public interest and press freedom	Mainstream media are subject to political, commercial and transformational pressure, yet journalists are still clinging to news professionalism	Found by a group of senior journalists, opinion leaders and media scholars.

Advocacy online media for social movement, political campaign or other social agendas				
Hong Kong Independent Media	2004	Free from the domination of political regime, business groups and political parties	Homogenizing stand of mainstream media owing to capitalist momentum Convergence between printed and online media	Found by a group of social activists, scholars, and non-governmental-organizations
Passion Times	2012 November 11	Justness is paramount to media	Mainlandization and over-supply of information is jeopardizing the 'fourth estate' and freedom of speech in Hong Kong	Supporting Wong Yeung Tat, a politician in Hong Kong
100 Most	2013 March 7	Nil	Criticizing the collusion between mainstream media and music industry which curbs creativity and breeds cronyism	Found by three former workers of Commercial Radio Source: Online report of Apple Daily on 2016, Jan 16: http://hk.apple.nextmedia.com/supplement/special/art/20160116/19453489
Local News	2014 April 25	Online media are not prudent and constructive enough Addressing cultural conservation, political and economic domains Reclaiming the "local discourse" by prudence and openness	Mainstream media fail to fairly reflect the local voice and public opinion	Found by a group of activists who support localism in Hong Kong
Extended arm of mainstream media				
Pentoy	2012	Fostering public reasoning	Nil	Operated by the owing company of *Ming Pao*
Bastille Post	2013	Presenting the most updated and popular news	Nil	Operated by the owing company of *Sing Tao Daily*

(*Continued*)

Table 8.5 Continued

Name	*Year (and date) of Establishment*	*Views on news values*	*Views on mainstream media*	*Remarks*
Found by pro-China groups or Chinese capital				
Speakout	2013 January	When CY Leung was ruling Hong Kong, Speakout often had exclusive stories about Leung. Apart from exclusive news, Speakout also took a role in releasing unofficial information.	Nil	Run by Sevenss Foundation, which was co-founded by Cheung Chun-yuen, the Chairperson for the campaign office of then-Chief Executive candidate CY Leung, and Raymond Tang, the Advisor for the campaign office
Orange News	2014	Nil	Nil	Held by pro-China Sino United Publishing
HKG Pao	2015	Independent media voicing for Hong Kong and positive energy	Nil	Found by pro-China senior media practitioner Robert Chow Yung
Hong Kong 01	2016 Jan 11	Advocacy media which pursue a plural lifestyle by knowledge and technology	Nil	Founded by Yu Pun Hoi, media giant who has extensive business in China

Source: websites and/or Facebook pages of respective online media, annual reports of Hong Kong Journalists Association: http://www.hkja.org.hk/site/portal/Site.aspx?id=L1-170&lang=en-US

While online media became a space for professional journalists and various movement activists to air voices which could hardly be tolerated by China, the power of China's influence in Hong Kong is also manifested in online media. Firstly, while the professional and advocacy online media have to deal with business sustainability, pro-China online media enjoy stable financial support from Chinese capital. Meanwhile, mainstream media whose owners have political or business affiliations to China also extend their arms to online media business. Although online media so far is still a platform which enables the exercise of press freedom, China is obviously penetrating its influence in this arena with its capital and 'local collaborators'.

8.5. Conclusion: lessons from Hong Kong's media

The story of China's containment of media professionalism and press freedom in Hong Kong is a lesson on the formation of peripheral autonomy under the geopolitical center of China. As the introduction of this chapter explicates, peripheral autonomy refers to the 'offshore regions' which are under Chinese sovereignty but administered by autonomous governance under the 'One Country, Two Systems' model. It paradoxically consists of a certain level of local autonomy under the centralizing governance of China. The handover of Hong Kong and the reining in of its press freedom are therefore the historical contingency which tells how China manages to preserve a certain amount of local autonomy while establishing its substantial influence and effective leverage of Hong Kong media. Given the enduring media professionalism in Hong Kong which put the local interest of Hong Kong first (Chan and Lee, 2011) and pledged to the role of social watchdog (So and Chan, 2007), China strategically contained the exercise of press freedom by Hong Kong journalists by both indirect and direct influence over decades.

The containment of media professionalism in China illuminates a number of China's strategies to extend its influence to overseas territories. China tends to adopt a reconciliatory soft approach of indirect initiatives before establishing its own sphere of influence in an overseas or foreign society. Those indirect initiatives are usually subtly carried out by the CCP collaborators—social elites and capitalists who are willing to be China's allies based on interest collaboration (Wu, 2016). However, long-term and intensifying penetration of China's indirect influence could result in an irreversible reliance on Chinese capital and political sponsorship, and eventually induce China's direct influence which aims to confine local autonomy to varying extents by the centralizing management of Chinese government. The lesson of Hong Kong media is illustrative of the 'sword of Damocles' of China's influence. Chinese investment and political favours to Hong Kong media since the days before 1997 entail a substantial cost to press freedom. Many have been expecting pay back, but no one knows when, and how much, until more and more 'red lines' are imposed by China.

Note

1 Please refer to: http://www.com.cuhk.edu.hk/ccpos/en/research/Credibility_Survey%20Results_2016_ENG.pdf

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9 China's influence on Hong Kong's entertainment industry

Lessons from film production

Klavier Wang

In 2016, the biggest ever Hollywood-China co-production shook the global filmscape—*The Great Wall* (*chang cheng* 長城, 2016). *The Great Wall* was understood as a high-profile gesture to expand China's global market-share and to exert cultural influence. Amid this trend, Hong Kong is no exception. During the recent decades, direct and indirect influence from the rise of China has been exerted on this tiny territory. The film industry in Hong Kong, along with other social sectors, has inevitably encountered influences from China. The opening of China's vast market of over 1.3 billion population to Hong Kong makes China seemingly a 'savior' to the plunging industry; while following these material incentives, indirect influence could be detected from various non-material levels.

Hong Kong, a former British colony, was handed over to China's sovereignty on 7 July 1997. In the overarching center-periphery framework, Hong Kong is regarded as a peripheral autonomy among the three tiers of offshore peripheries. In this chapter, discussion will focus on how China became a prevailing and irresistible factor in Hong Kong's film production sector which has always been the central pillar of the cultural industry. Specifically, these questions will be probed into in this chapter: what are China influences in Hong Kong's film industry? How do these influence mechanisms enact on the industry and its practitioners?

The chapter will first outline the problems faced by Hong Kong's film industry and take a look at China-Hong Kong co-production from a historical perspective. The main body will analyze the direct and indirect influences from China as well as their mechanisms by examining industrial data, media reports and information from interviews with filmmakers.

9.1 Background: downturn of Hong Kong film industry

In over a century's development of Hong Kong cinema, overseas markets were the lifeline to the industry as this former British colony with a few million population could hardly support a flourishing film industry. The waning of overseas markets, first as a result of the tightening grip from different governments on Hong Kong film importation to their own countries (mainly in Southeast Asia) and later due to the withdraw of Taiwan hot ventures in the late 1980s, seriously struck Hong Kong's film industry (Liang 1997; Chan, Fung and Ng, 2010; Chiu

Table 9.1 Film Production Summary

Year	*Number of Hong Kong film on screen*	*Number of non-Hong Kong film on screen*
1990	121	222
1991	126	384
1992	210	294
1993	234	273
1994	187	318
1995	153	337
1996	116	312
1997	93	374
1998	88	385
1999	145	298
2000	151	278
2001	126	257
2002	92	241
2003	97	176
2004	64	180
2005	55	184
2006	51	180
2007	53	181
2008	50	179
2009	51	217
2010	54	232
2011	56	220
2012	53	250
2013	42	268
2014	51	259
2015	59	273
2016	61	287
2017	53	278
2018	53	300

Source: Data are integrated by the author in reference to: Chan (2000, pp.91-92); Chung (2011); And data provided by the Hong Kong Motion Picture Industry Association (MPIA)

and Shin, 2013). 1994 marked the year from which non-Hong Kong films on screen outnumbered local productions (Table 9.1). The market-share of Hong Kong films in the domestic market keeps decreasing as well (see Figure 9.1).

Hong Kong filmmakers were stuck in a historic moment in 1998 when Hong Kong was trapped in the Asian financial crisis. A city-wide disastrous epidemic disease in 2003 again led Hong Kong's economy to another low tide. 2003 marked yet another crucial year for Hong Kong's film industry as the Closer Economic Partnership Arrangement (CEPA) was signed between the governments of China and Hong Kong. Under this scheme, a vast China market would be open to Hong Kong filmmakers and intensive collaboration in business and culture between Chinese and Hongkongese would be encouraged.

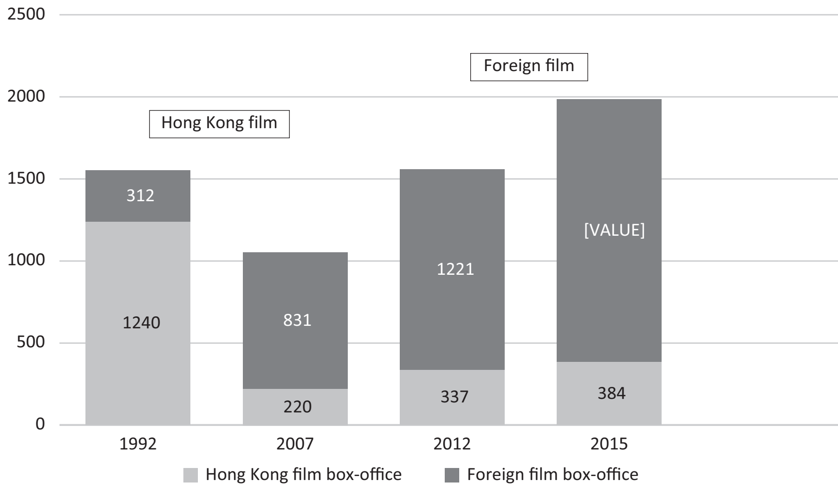

Figure 9.1 Box-office income in Hong Kong

That said, in the film industry, co-production is not new to Hong Kong. Since the birth of Hong Kong film, the convergence of financial resources and human resources harbored in this once colony has nurtured a 100-year history of Hong Kong film. In the contemporary era, especially after the Cultural Revolution, China's new cultural policy in 1979 encouraged exchanges among filmmakers from Hong Kong, China and Taiwan.

China Film Co-Production Corporation (CFCC 合拍公司) was established under the Ministry of Culture in 1979 to facilitate overseas-China co-production. The Ministry of Culture in 1986 was transformed into the State Administration of Radio, Film and Television (SARFT)—the supervision authority of popular cultural products. Throughout the 1980s, ventures from Hong Kong and Taiwan flooded in China, which was craving for the scenic diversity and low labor cost. Overseas ventures became a silver-lining to many Chinese state-owned film studios clogged in planned economic structure (Hu 2000) (Table 9.2).

9.2 China's direct influence: economic inducements and dereferences by CCP-state apparatuses under CEPA

Co-productions before CEPA had little to do with seeking venture capital from China, but were about exploring China's filmic resources and labor supply. But in the 2000s, CEPA-oriented co-production acted in turn as a remedy to Hong Kong where the film industry encountered a historic downturn (Chan 2017, pp. 122–123). Under this scheme, China's direct influence on Hong Kong's film industry becomes salient: on the one hand, the huge-sized market and growing economy in China has attracted Hong Kong creative workers to seek ventures from China

Table 9.2 China Film Productions Collaborated with Hong Kong and Taiwan

Year	*Number of co-production*
1979	1
1980	0
1981	2
1982	2
1983	4
1984	4
1985	2
1986	6
1987	7
1988	6
1989	17
1990	8
1991	28
1992	50
1993	26
1994	21
1995	33
1996	19
1997	14

Source: Chung (2011, p.360), from 'An overview of co-production and aiding of films in China (1979-1998)', in *Asian Films Connections*, March 20, 2000

or even to move their working base to China. On the other hand, as a result, censorship from Chinese authorities was inevitably applied to Hong Kong's motion pictures. The former aspect refers to quantity in film production while the latter one, to a large extent, is reckoned the 'real' change of the industry—a restriction on artistic creativity.

9.2.1 Economic inducements: privileged access to China's market

Before further exploring what CEPA has vested in the film industry, it is necessary to briefly discuss the history of CEPA. CEPA is under the supervision of China's Ministry of Commerce and Hong Kong's Trade and Industry Department. The signing of CEPA took place against the backdrop of a milestone year, 2003—a year that not only brought economic turns, but also concealed political undercurrents.

In 2003, a massive scale epidemic disease named SARS[1] severely hit Hong Kong. It is widely understood that CEPA signified China's intention to help Hong Kong rebound from the economic downturn it experienced under SARS. Nevertheless, more hidden dynamics are worth noting. Through offering Hong Kong faster access to the Chinese markets under CEPA, China at the same time fulfilled the promise it had made when joining the World Trade Organization (WTO)

in 2001 (Bradsher 2003a June 10). While CEPA's significance on Hong Kong's economy was very often highlighted, the implementation of CEPA also facilitated the surge of the Chinese economy by introducing resources and talent from Hong Kong (Bradsher 2003b June 14).

Political undercurrents were noticeable too. 2003 marked the year that Hong Kong's then Chief Executive, Tung Chee-hwa, pushed the internal security laws through the city's legislative body while experiencing fervent protests from the civil society. The signing of CEPA was said to be a demonstration of China's 'good will' and 'public relations campaign' to soothe the tension in Hong Kong society (Bradsher 2003a). By taking into consideration these dynamic factors, a multifaceted CEPA is revealed showing that the Chinese authority played an active role in promoting closer economic partnership with Hong Kong.

One of the most conspicuous measures brought in by CEPA was the significant lowering of trade barriers in trading goods, trading services and trade facilitation between Hong Kong and China. Generally speaking, measures applied to the film industry under CEPA included: cinema theatre services, Chinese language motion pictures and motion pictures jointly produced and motion picture distribution services.

Under this CEPA agreement, previous restrictions on film production, film importation and building cinemas were largely loosened. One of the most appealing features is that if a Hong Kong-made Chinese films is categorized as co-production (*he pai pian* 合拍片), it is no longer regarded as an imported foreign film. Before that, an annual quota (20 in 2003 and 34 in 2018) was applied to non-domestic films, so that Hong Kong films had to compete with films from Hollywood amongst many others. As a result of CEPA, a lot more Hong Kong-made films could enjoy the privileges of other Chinese domestic films, especially the huge market and larger profit margin compared to those that foreign films could gain.[2] In the following years after CEPA was first introduced in 2003, more flexibilities were granted to Hong Kong filmmakers such as the freedom to process post-effect editing and publish outside China, the screening of a Cantonese version in China provided that permission was gained from China and subtitles were supplied. Additionally, Hong Kong film investors were also granted more room to set up companies and build theaters in China.[3]

China's progressive trading liberalization proved effective. The implementation of CEPA, along with China's skyrocketing number of cinemas, screens, movie goers and film production, introduced a 'land of milk and honey' to many Hong Kong filmmakers. From the tables below, we can see that every year, co-production films have dominated the annual release of Hong Kong films and the box-office performance of co-productions has triumphed over local productions (Tables 9.3 & 9.4).

To filmmakers, how much investment they can get on film production is a key issue. Investors from the huge market in China play an important role on this issue. The average cost of a feature film production is around HKD10 million (US$1.3 million). But in the case of Hong Kong, a film of this scale catering to the local market only (with a population size of 7 million) could hardly break

Table 9.3 Number of Hong Kong Films after CEPA (including Hong Kong local films and co-production films)

Year	*Annual release of Hong Kong films**	*Hong Kong local films*	*Co-production films*	*Percentage of Co-production films*
2004	60	28	32	53%
2005	48	28	20	42%
2006	47	24	23	49%
2007	48	25	23	48%
2008	53	24	29	55%
2009	51	22	29	57%
2010	54	24	30	56%
2011	56	19	37	66%
2012	52	17	35	67%
2013	43	17	26	60%
2014	52	23	29	56%
2015	59	23	32	54%
2016	61	27	34	56%
2017	51	19	32	63%
2018	52	27	25	48%

Sources: Integrated from: 1) Hong Kong Filmography (1914-2010), Hong Kong Film Archive; 2) Motion Pictures Industry Association (MPIA); 3) Create Hong Kong, The Government of Hong Kong Special Administrative Region.

*: According to the Motion Picture Industry Association of Hong Kong, Hong Kong film includes local production and co-production. See the definition of Hong Kong film via http://www.mpia.org.hk/content/about_definition.php

Table 9.4 Box Office Performance of Hong Kong Films

Year	*Number of local production among the top 10 box-office-income Hong Kong films*	*Number of co-production among the top 10 box-office-income Hong Kong films*
2009	3	6
2010	3	6
2011	4	7
2012	7	3
2013	3	7
2014	4	5
2015	3	6
2016	4	7
2017	4	6
2018	2	8

Sources: Compiled by the author based on information obtained from MPIA and International Motion Database (IMDB)

even (Yeh and Chao 2018). Moreover, due to the withdrawal of investment from cinema chain owners and overseas opportunists since the 1980s, venture seeking became a tough job in the industry (Chiu and Shin 2013). Even though from 2007 the Hong Kong government Film Development Fund became one of the most sought-after film investment sources, their funding for each film seldom reached beyond HKD3 million (US$384,000). And as this amount of government funding could only be utilized as part of the whole budget, filmmakers had to seek more external sources. Since 2013, a new government scheme, 'First Feature Film Initiative' was launched, in which grant winners are required to use the government funding as their whole production fee. However, the amount is no more than HKD2 million (US$256,000) for each picture. Against this backdrop, many filmmakers have to turn to CEPA for a more promising amount of investment. In recent years, production investments that exceed HKD5 million (US$641,000) per movie are mostly co-production works (Yin and He 2009).

In an interview with Au Man-kit,[4] a Hong Kong director of two awarding-winning local films, he affirmed that the production fee and director's salary are two to three times higher in China than in Hong Kong. Another young director, Chan Chi-fat, also contended that his reputation as a fresh award-winning filmmaker has brought him a lot of job offers from China.[5] On the one hand, this scale of monetary reward and market potential is hard to resist. On the other hand, the young director had to face connected issues—political agenda and censorship.

9.2.2 Economic deterrence: controls and supervisions

Hong Kong audiences from time to time show a lukewarm response to CEPA productions, and skepticism over the disappearance of Hong Kong film character. The quickening pace of mainlandization—changes due to censorship vested on films—prevails.

Under CEPA, film-related services that enter the Chinese market shall comply with rules and regulations promulgated by China's relevant authority. Before 2018, it was SARFT that supervised film-related services including CEPA co-production works. What mostly touched people's nerves was SARFT's stringent administration on topics and content in films. It was strictly forbidden to process, produce, exhibit, import or export moving images that contained the following: disobedience with China's constitutional principles; threatening national and territorial unity; promotion of superstition, obscenity, gambling, violence and crime; undermining nationalistic culture and some other criteria.[6]

In 2018, by the decision of China's 13th session National People's Congress, the SARFT was restructured to become the State Administration of Radio and Television (SART). As a result, film and publication domains were separated from the former SARFT and came under the direct control of the Department of Censorship and Propaganda (*zhong xuan bu* 中宣部).

Moreover, according to the latest China Film Industry Promotion Law (*zhong guo dian ying chan ye cu jin fa* 中國電影產業促進法),[7] which was implemented

since 1 March 2017, a tighter grip on film production has been wielded. Besides the mentioned SARFT, censorship criteria on film content will be continued and enriched, and the state's controlling hands have extended to filmic personnel. It is highlighted that, in item 14, given that collaboration with foreign entities is allowed with permission from SART, it is forbidden to collaborate with or hire any person who damages China's national dignity, honor and interests, or harms social stability or hurts the nation's feelings. China's increasingly encompassing control system on film production, promulgated by the SART, has directly influenced Hong Kong's film industry.

Therefore, tHong Kong filmmakers who seek to engage in the Chinese film industry and its huge market have to bear in mind multiple layers of regulations and restrictions from the state's authorities.

First, in order to get approval from relevant departments in China and to gain a larger market share, co-production films had to avoid taking up taboo topics such as ghosts and gangsters. Ironically, these are exactly the genres that provide room for story flexibility, novelty and creativity, and are the topics that for decades made Hong Kong film stand out on the global stage (Chan 2012; Shen 2012). Instead, in order to play safe, in co-production films, filmmakers only exhibited a limited range of genres such as comedies, romantic melodramas, action films and epic films situated in an unknown ancient background. Blockbusters of these mainstream popular genres to secure the box-office include: *Fearless* (*huo yuan jia* 霍元甲, 2006), *Red Cliff* (*chi bi* 赤壁, 2008) and *Confucius* (*kong zi* 孔子, 2010), to name a few.

Second, filmmakers would produce multiple versions for different markets or even apply self-censorship when they penned the story. It is understood that the internationally recognized art-house erotic film *Lust, Caution* (*se jie* 色戒, 2007) removed most of the sex-related scenes when it was exhibited in China. Such a move caused mainland film lovers to flood in to Hong Kong for the full version of the film. Since then, creating multiple versions for a single film is forbidden if the film is to be screened in China. Subsequently, filmmakers who hope to enter the Chinese market intentionally avoid plots that would take a risk of violating the Chinese censorship criteria mentioned above (SARFT 2006). Given that some co-production films featured a 'police vs. gangster' theme, such as *Overheard* (*qie ting feng yun* 竊聽風雲, 2009), *Drug War* (*du zhan* 毒戰, 2013) and some others, they were requested to amend their plots according to SARFT's criteria, while *Election* (*hei she hui* 黑社會, 2005) and *Shinjuku Incident* (*xin su shi jian* 新宿事件, 2009) failed to get permission to show in China due to excessive violence and exaltation of gangster heroes (Yin and He 2009; Chan 2017).

9.2.3 China's market as a double-edge sword

Before the official promulgation of China's Film Industry Promotion Law in 2017, untold censorship on film practitioners from entering the China market has been slowly unveiled since 2014. The 2014 pro-democracy Umbrella Movement in Hong Kong touched the nerve of Chinese government.[8] A number of artists who

publicly expressed their support for the movement are said to be blacklisted in China. In the film sector, Deanie Yip, a movement sympathizer, was among them. She played the role of an anti-Japan guerrilla supporter in the film *Our Time Will Come* (*ming yue ji shi you* 明月幾時有, 2017). Even though the film was a co-production in which, BONA, a Chinese film tycoon, was one of the most prominent investors, and the film featured Chinese people's patriotic deeds in war, Deanie Yip's name was eventually removed from the promotional materials circulated in China (Wang 2017).

Deanie Yip's case was not alone. During an interview with a director who wants his identity be concealed, I was told that a 'commitment form' is even given to filmmakers to declare the political attitudes of film crew members.[9] These cases well demonstrate the control vested by the China Film Industry Promotion Law that personal backgrounds of the filming crew are subject to censorship. And Yip's participation in Hong Kong's pro-democracy movement makes her an unwelcome person who damaged 'China's national dignity, honor and interests' (Scott 2017).

Film director Au Man-kit disclosed that he was questioned by a Chinese film distributor about his political stance when they were negotiating licensing Au's latest film to the Chinese market. Interestingly, Au's latest film had nothing related to politics but tells the stories of special-needs children. 'A chilling effect has already been generated at the moment I was asked about this non-filmic question.'[10] Au directed *Ten Years* (*shi nian* 十年, 2015)—a dystopia-like film that predicts the decaying of freedom in Hong Kong society under Chinese rule, and *Trivisa* (*shu da zhao feng* 樹大招風, 2016) in which plots of Chinese officials taking bribery are depicted. Both were awarded best films at the Hong Kong Film Award Ceremony in 2016 and 2017 respectively, while neither of them were exhibited in China.

Culture and politics could never be separated. To a large extent, a dilemma has been placed on Hong Kong cultural workers, especially those who are involved in political affairs, that they need to choose either to embrace the Chinese market but remain silent on politics or stand firm in pro-democracy pursuits while being 'blacklisted' in the Chinese market. At the 2016 Hong Kong Film Award Ceremony, the controversial film *Ten Years* was nominated the Best Film. Because of this, the ceremony was banned from live-streaming in China as originally planned (Apple Daily 2016). Though this film and three directors were eventually awarded the Best Film and Best Directors in that year, all of the information was invisible on China's media outlets (Li 2016). Similar measures were applied to *Trivisa* in 2017 as well (Stand News 2017). *Ten Years* and *Trivisa* are two remarkable cases that exhibit new sanction factors from China in Hong Kong's film-scape.

The situation in Hong Kong's film industry and even the large cultural industry seems to have reflected the omen suggested by scholars that it is a one-way journey once you step on the flagship called China. The market forces and political value system of China have led to a hegemony that forces cultural workers to choose between China and the rest (Szeto and Chen 2012).

9.3 China's indirect influence: co-optation and mobilization of CCP collaborators in Hong Kong's film industry

From the cases of Deanie Yip and directors of controversial films, we can see that increasingly, cultural workers tended to opt for either speaking for Hong Kong or embracing China. The latter gesture very often is enacted through what is called 'co-optation'.

The surging amount of pro-democracy activism in Hong Kong since 2003 has touched the nerve of the Chinese government. A strong grip from the Chinese government on Hong Kong has been vested at various scales. Besides policy-level interference (e.g., interpretation of the Basic Law by the People's Congress), in the civil society, extensive pro-government and pro-China networks and organizations are founded. An increasing number of Hong Kong citizens are granted official titles in China, forming a channel to facilitate what is term 'co-optation' for civil power (Fong 2017).

On 21 March 2018, an association that facilitates Hong Kong artists' career development in China (*xiang gang yan yi ren nei di fa zhan xie jin hui* 香港演藝人內地發展協進會) was established. Zhou Jiandong, the associate director of SARFT gave a speech at the inauguration ceremony. Associate president Liza Wong, in her speech, expressed a strong wish of further Hong Kong-China integration. The establishment of the association echoes the vision of promoting Guangdong-Hong Kong-Macao Bay Area Development. Among the 11 founding members, six members have official positions in China (national, provincial or municipal level Chinese People's Political Consultative Conference members, CCPPCC) (Ming Pao 2018). President Jackie Chan is a member of Chinese national CPPCC. Associate president Liza Wong has been for a long time a Hong Kong representative in the People's National Congress and the national-level CPPCC. Other founding members such as Eric Tsang and Wong Cho-lam are municipal level CPPCC members of Guangzhou and Guangxi, respectively. Director Andrew Lau Wai-keung, popular in CEPA film production among which his recent work *The Founding of an Army (2017)* was endorsed by the Chinese military. Dr. Johnny Ng, a newly appointed member of the national CPPCC, is the president of a pro-government organization Hong Kong United Youth Association (Tables 9.5 and 9.6).

From the tables above, we could see that since the 2010s, more Hong Kong artists started to carry multiple identities: artists and politicians. It is not difficult to observe that this group of China-endorsed film celebrities are well-received in the Chinese market. Jackie Chan has been invited very often to perform in the landmark Chinese Central Television Lunar New Year Gala Night (*chun jie lian huan wan hui* 春節聯歡晚會). Eric Tsang, a popular Hong Kong comedian and film star, has participated in a large number of China-made films and co-produced films in the 2000s, such as *Beginning of the Great Revival* (*jian dang wei ye* 建黨偉業, 2011) and *Ghost Hunt I & II* (*zhuo yao ji* 捉妖記, 2015, 2018). Films directed by Stephen Chow also are high-ranked in the Chinese box-office. In the post-CEPA era, all of Chow's productions are co-production pictures: *Kung Fu*

Table 9.5 Hong Kong Members of National CPPCC

Year	*Session of CPPCC*	*Number of Hong Kong representatives*	*Members from Hong Kong cinema*
1993	8th	106	Hsia Moon
1998	9th	121	Hsia Moon, Liza Wong
2003	10th	176	Liza Wong
2008	11th	203	Liza Wong
2013	12th	206	Liza Wong, Jackie Chan, Peter Lam
2018	13th	156	Jackie Chan, Lee Kwok-hing[11]

Source: Friends of Hong Kong Association; Xinhua News Agency

Table 9.6 Hong Kong Motion Picture Actors/Actresses (still active) who are Members of CPPCC

Liza Wong
National People's Congress: 1988–1997
CPPCC: 1998–2017

Jackie Chan
CPPCC: 2013 to now

Eric Tsang
Municipal CPPCC (Jiangmen): 2011–2015
Municipal CPPCC (Guangzhou): 2016 to now

Stephen Chow
Provincial CPPCC (Guangdong): 2013 to now

Chan Siu-chun
Municipal CPPCC (Huizhou): 2014 to now

Wong Cho Lam
Provincial CPPCC (Guangxi): 2018 to now

Source: information is compiled by the author from various news source and websites of different levels of CPPCC

Hustle (*gong fu* 功夫, 2004), *CJ7* (*chang jiang qi hao* 長江7號, 2008), *Journey to the West: Conquering the Demons* (*xi you xiang mo pian* 西遊 降魔篇, 2013), and *The Mermaid* (*mei ren yu* 美人魚*,* 2016).

Facing Hong Kong's massive pro-democracy protest (aka Umbrella Movement) in 2014, some of the above artist-politicians publicly voiced out their objections towards the movement. Jackie Chan expressed that the occupation movement caused huge loss to the Hong Kong economy, and this small amount of people hurt the feelings of several million Hong Kong citizens (Oriental News 2014). Liza Wong demanded Hong Kong government to fasten the pace of universal

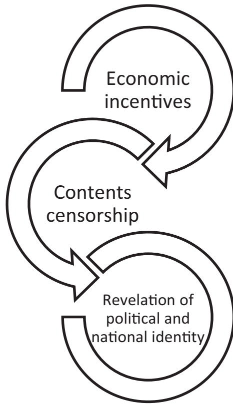

Figure 9.2 Spiral of China influences

suffrage consultation when she was attending the national CPPCC meeting in Beijing. During the 2014 Umbrella Movement, Liza Wong advocated student activists to stop occupation (Mo 2014).

Artist-politicians also openly condemned politically controversial films, such as the film *Ten Years*—Best Picture of the 2016 Hong Kong Film Awards. The film was massively boycotted not only by mainland Chinese media outlets, but also by a collectivity of pro-China film practitioners/businesspeople in Hong Kong. Raymond Wong Pak-ming, a Hong Kong all-time comedian and film company owner, publicly ridiculed the award-winning *Ten Years* as a 'backwardly move in Hong Kong film industry' (Ming Pao 2016). Wong is a pro-China film practitioner as his film company the Pegasus Motion Pictures has actively established cooperation with mainland Chinese counterparts. Influential Hong Kong popular cultural business tycoon Peter Lam Kin-ngok, who used to be a CPPCC member, strongly opined his disagreement with the Hong Kong Film Awards decision on the Best Film. 'It is unfortunate to the industry, suggesting that professionalism has been overrode by politics and the award has been politicized' (BBC 2016). A tycoon in Hong Kong's theater and music label industries, Lam shows his prowess in Chinese markets with a series of successful co-production works (Ming Pao Weekly 2015).

The film *Ten Years* has undoubtedly set a 'milestone' in the Hong Kong Film Awards. Former chair of the Hong Kong Film Awards voting affairs committee, Manfred Wong contended that Hong Kong Film Awards has since 2016 captivated close attention from the Chinese authorities (HK01 2017).

Since the signing of CEPA in 2003 and its actual implementation in 2004, more than 10 years' encounter between Hong Kong and China can be observed. By surveying the development of Hong Kong's film industry under CEPA, a pattern of procedural spiral of how China has influenced the film-scape can be observed (Figure 9.2). In the first decade, the relaxation of trade barriers were tempting to

Hong Kong filmmakers. As a result, an increasing quantity of co-production films and local box-office revenue seemingly boosted the industry. Simultaneously, censorship of film content, through top-down bureaucratic requirements or filmmakers' self-censorship, was imposed on films that were aimed at the Chinese market. That said, such censorship was about film content only. It was not until 2013 and 2014 that censorship of film practitioners' personal political stance was explicitly employed. Reports on the banning of vocal pro-democracy artists from entering the China market and measures of co-optation of Hong Kong artists through CPPCC membership appointment were widely noted. At critical moments, CCP collaborators even formed a front-line discourse against filmic works that were violating China's political taboo. Hence, we can see an encompassing mechanism is taking effect: with economic inducement as the primary interference, Chinese influences have drilled into filmic creation and people's non-filmic life. It seems that Hong Kong filmmakers, once they set foot on the Chinese market, reach a point of no return.

9.4 Conclusion: lessons from Hong Kong's film industry

This chapter advances our understanding of the mechanism of CEPA-driven co-production by deliberating on three forces that wield influence around Hong Kong cinema. Under the rolling wheel of Hong Kong-China co-production that pushes the industry towards closer integration with China, nowadays Hong Kong film practitioners face multi-levels of direct and indirect influence from China. While co-production between Hong Kong and the Chinese side is not a millennium phenomenon, what alerts scholars and film practitioners most is that, along with the rising economic and political power from China, implementation of CEPA becomes a two-edged sword that has hit the Hong Kong film industry by introducing attractive market potential while an all-encompassing censorship system follows closely. The economic incentives from the Chinese side gradually come along with influences on Hong Kong film practitioners' filmic creativity and even on personnel arrangements in film production.

If the 2004 Umbrella Movement set the beginning of screening film crew members based on their political attitude, a consequential political event—the 2019–2020 momentous scale anti-extradition law movement by Hong Kong citizens continues to be a hotspot for staging dynamics between cultural and political forces. One conspicuous example was Tony Leung Ka-fai, an all-time popular film actor. He made an appearance in a pro-government rally, leading on the one hand to condemnation from movement protestors, while on the other hand having his directorial debut *Midnight Diner (shen ye shi tang,* 深夜食堂 *2019)* eventually given permission to enter mainland Chinese theaters since its production in 2017 (Davis and Chow, 2019). In May 2020, China's People's Congress approved the legislation of National Security Law to be included in Hong Kong's mini-constitution—the Basic Law. This move stimulated wide controversies among Hong Kong citizens. Amid the heated debates, 2,600 celebrities, including the aforementioned Jackie Chan, Eric Tsang and Liza Wong, signed a petition to support the decision from the People's Congress (China

Daily, 2020). Again, allegiance to China is tightly bound up with Hong Kong's cultural industry.

Nevertheless, a dynamic picture has been slowly revealed amid the transforming Hong Kong film-scape against the backdrop of CEPA co-production. Various strategies have been consciously or naturally applied by filmmakers to ensure the Hong Kong cinema persona endures and develops reflexively. After all, 'survival and partly "tactics"' are all-time zeitgeist that 'enables Hong Kong cinema to discursively cultivate its distinct and specific identity' (Tan 1994, p.57).

Notes

1 An epidemic disease named Severe Acute Respiratory Syndrome broke out in part of Asia in 2003. Hong Kong was one of the infected zones according to the World Health Organization definition, see Hong Kong Tourism Board, 2004, The Year in Review 2003–04. Retrieved from https://www.discoverhongkong.com/eng/about-hktb/images/2003-2004-05.pdf
2 As a Chinese domestic film, the film producer could enjoy around 40% share of the income and the cinema enjoys around 50%. But the producer of a foreign film only gets 13%–25%.
3 Liberalization Measures under CEPA by Cinema Theatre Services, Chinese Language Motion Pictures and Motion Pictures Jointly Produced, Motion Picture Distribution Services, the Hong Kong Trade and Industry Department, access via https://www.tid.gov.hk/english/cepa/tradeservices/av_cinema_picture_lib.html
4 Personal conversation, 6 April 2018.
5 Personal conversation, 5 May 2018.
6 Criteria and process of film censor, refer to State Administration of Press, Publication, Radio, Film and Television of the People's Republic of China. June 22, 2006, http://www.chinasarft.gov.cn/art/2006/6/22/art_1583_26305.html
7 China Film Industry Promotion Law was passed by the National People's Congress on November 7th 2016, http://www.npc.gov.cn/npc/xinwen/2016-11/07/content_2001625.htm
8 A seventy-nine-day occupation of Hong Kong's three business zones in order to protest against Chinese government's framework on the territory's Chief Executive election and to demand a genuine universal suffrage.
9 Personal conversation, 10 May 2018
10 Personal Conversation, 6 April 2018
11 According to various news reports, it is said that over 200 Hong Kong citizens are appointed members of national CPPCC. But according to Wen Wei Po and the Xinhua News Agency, the number is 156 as calculated by the author. Lee Kwok-hing is the president of Mei Ah Entertainment.

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10 China's influence on Hong Kong's religions

Interreligious comparison

Ying-ho Kwong

Existing literature has long recognized that religious sectors in China are heavily restricted by the Chinese Communist Party (CCP): Only five state-registered patriotic religious associations can openly take place with strict control and legal restriction whereas 'non-registered' religious bodies have no legal protections are subject to state selective persecution or suppression and must often operate underground (Yang 2011;). The rationale behind this is that the CCP traditionally believes that religion is a potential threat to political order because its followers may claim their divine faith to be higher than the political authorities (Bruce 2003). More importantly, the CCP fears that those religious bodies have far deeper social roots than theirs which are not under party control.

Although religious controls have intensified across China, the CCP cannot directly manage religious affairs in Hong Kong, its special administrative region, even in the postcolonial era. According to the principles of 'one country, two systems' and 'Hong Kong people ruling Hong Kong', the Hong Kong Special Administration Region (HKSAR) would be made up of local residents and the Chinese government could not send official intervention to religious affairs in Hong Kong after 1997. Hence, the Beijing government had to groom reliable local collaborators to exert influence. Since Hong Kong's religious sectors have long been the key target of political co-optation of the CCP-state since the 1980s (Ha 1991; Leung 1998), the implications of such a co-optation have yet to be fully explored. This chapter argues that the leaders of Oriental religions, having developed historical connections with China, have mobilized support to the authorities at critical political moments while the leaders of Christians, having a long tradition of promoting political justice, tend to press both Chinese and Hong Kong governments for democratic reforms and support non-violent strategies. An interreligious comparison perspective is adopted to theorize about state-religious interaction and generalize across diversity in the context of China influences.

10.1 The theoretical context: religious controls in communist states

Co-optation is a common governance strategy which exists in all political regimes, ranging from democratic to authoritarian (Ang 2016; Pickard 2008). The key

difference is the form its takes, its extent, its composition and its political functions across time and place. By definition, co-optation refers to the capacity to tie strategically-relevant actors (or a group of actors) to the regime elite (Gerschewski 2013). The purpose of co-optation in democracies is to build a loyal network of support for specific parties or politicians, while its aim in 'non-democracies' is to appease or to win over potential strategically-targeted actors and even opposing groups to maintain 'regime survival' (Gandhi 2008). In particular, the ruling organizations usually provide benefits such as material resources or make power-sharing arrangements such as granting institutional positions in order to solicit and solidify the political loyalty of its clients (Koesel 2014).

In recent years, there have been increasing discussions on the notion of 'elite co-optation' in the studies of central-peripheral relations. Researchers are interested to explore how the central/external authorities utilize both material and non-material resources to absorb 'peripheral/internal regions' which make them economically and politically dependent on the central/external state in order to further extend its political influences (e.g. ,Fong 2017; Wu 2016). In the context of central-peripheral dynamics, the peripheral region should mostly be governed by its own constitution document and enjoy a high degree of autonomy for self-governance. From this perspective, the central authority is not expected to have any official presence to exercise direct power. Thus, the key question is how the central/external state exerts its influence if it wants to. Wu (2016) found that the central/external government would co-opt or groom reliable local collaborators to exercise indirect power in the peripheral region. Those CCP collaborators can be political figures, legislators, capitalists, media bosses, community and religious leaders, depending on the context of specific peripheral region. Those 'local agencies' play a significant role to fulfill the intended effects on the peripheral region. This chapter considers the case of Hong Kong to investigate the dynamics among Hong Kong religious sectors.

To be sure, studying Beijing's co-optation strategies in Hong Kong is not a novel idea given its obvious historical background and political development. Broadly speaking, there are three mainstream sectors for researchers to explore its co-optation strategies:

(1) The business sector: how the Beijing government offered potential financial opportunities and institutional positions to local capitalists where in return they were expected to support the HKSAR government and fend off challenges by Hong Kong's democrats (e.g., Fong 2014;);
(2) The media sector: how the Beijing government co-opted media bosses and senior administrators by providing advertising opportunities and institutional positions while the media underplayed negative news for the government and gave the democrats less favourable coverage (e.g., Lee 2007), and
(3) The community sector: how the Beijing government offered institutional positions and financial recourses to co-opt those parties and community leaders while those co-opted would organize patriotic activities within the community (e.g., Lam & Lam 2013).

However, the co-optation of religious sectors is seldom explored in existing literature notwithstanding that such a strategy has become higher-profile in recent years. Thus, this paper attempts to understand the co-optation of Hong Kong's religious sectors and compare the different responses to this strategy.

The traditions of religious freedom in Communist states can be summarized as large-scale repression whereas only a few of them can be tolerated when the Party felt a need to mobilize popular sentiment in support of the state (Bruce 2003). The fundamental reason is the 'question of loyalty' because religion claims a 'higher' authority in terms of divine or faith which transcends the state and its leaders in the real world (Moen & Gustafson 1992). More importantly, religious bodies have far deeper roots with their followers than the Communist Party which may potentially threaten the traditions of party control. However, religion plays an important mediation function in dealing with the tensions between state and society which cannot be totally neglected (Martin 2015). Thus, the communist states mostly adopt both carrot and stick approaches, aiming to suppress some 'non-acceptable' religions and to co-opt other religious bodies to serve party and national purposes.

The CCP is no exception. Although the Chinese constitution 1954 guaranteed religious freedom, legal restriction and political suppression were evidently obvious. The state-religious relations in China can be understood as both co-optation and suppression (Koesel 2014). The Chinese government only recognizes five official patriotic religious organizations, including the Buddhist Association of China, the Chinese Taoist Association, the Islamic Association of China, the Three-Self Patriotic Movement and the Chinese Patriotic Catholic Association, and most leaders are co-opted by the state, which aims to socialize patriotic and pro-party values. For those unregistered groups, they faced different suppression from the authorities and sought room for survival (Koesel 2013). Under the framework of 'one country, two systems', Hong Kong enjoys a high degree of autonomy and religious control in China is not applicable in HKSAR after 1997. In theory, religious freedom is mostly allowed to exist in Hong Kong, which may create potential challenge to the legitimacy of the Chinese government, while such repression as is seen in China is not expected. Thus, the Chinese government chose to exercise indirect influence by co-opting the religious leaders.

10.2 Background: religious sectors in Hong Kong

Historically, religions in Hong Kong are closely related to the mixed Chinese and western background. As Hong Kong was a colony of the British government, Christianity started entering and spreading in the region since the 1840s while most of the Hong Kong people have long practised Chinese folk religions which may include oriental doctrines and traditions. There is a large variety of religious groups in Hong Kong with the Oriental and Christian traditions. Many major religious bodies have enthusiastically taken part in education, health and social welfare in the local community.

The oriental religion is closely linked with the Chinese tradition of 'Three Teaching' of Confucianism, Buddhism and Taoism (Luk 1990). Buddhism is one

of the dominant religions in Hong Kong. According to the official statistics in May 2016, there are more than one million Buddhist followers and hundreds of Buddhist organizations. The Hong Kong Buddhist Association (HKBA) which was first registered with the colonial government in 1945 is the leading group that represents and co-ordinates those believers and subordinate associations. Taoism has been an indigenous religion of China for more than 2000 years. Currently, the official data records show more than one million Taoists followers and 300 abbeys and temples in Hong Kong. The Hong Kong Taoist Association (HKTA,) which was established in 1961, is the umbrella body for major temples and Taoists and commits to managing the affairs of Taoism. Traditionally, Confucianism was not a religion, but a number of Confucian believers attempted to set up Confucian churches to establish it as the state religion in China. Their successors in Hong Kong also established Confucian institutions to deliver Confucian belief. The Confucian Academy, which was incorporated in 1930, is one of the representative organizations to promote Confucian teaching in Hong Kong (HKSAR 2016).

Christianity in Hong Kong can be classified as having two mainstream branches: Catholics and Protestants. The Catholic Church in Hong Kong was first established as a mission prefecture in 1841 and developed into a diocese in 1946. Currently, there are about 380,000 Catholics and 40 churches, 31 chapels and 26 halls for religious services. The Catholic Church in Hong Kong is in full communion with the Roman Catholic Church and has a strong connection with the Pope in the Vatican (Leung 2009). The Protestant Community also entered Hong Kong in 1841 and there are about 480,000 Christians living in Hong Kong. The community is formed by more than 70 denominations with both indigenous and international branches such as Anglican, Baptist and Methodist. The Hong Kong Christian Council was established in 1954 and its membership includes those major denominations, as it aims to handle the Protestant affairs in Hong Kong (HKSAR 2016).

10.3 China’s indirect influence: co-optation and mobilization of CCP local collaborators in Hong Kong’s religious sectors

10.3.1 Similar co-optation strategies across different religions

The formal interaction between Beijing and Hong Kong’s religious sectors can be traced back to the Sino-British negotiations in the 1980s. Although the Chinese government agreed to the principle of ‘one country two systems’, many religious bodies and believers were still worried about the future of religious freedom after the handover (Leung 2001a). The key concern is whether the state-religious relations would change from ‘independence’ to ‘the political absorption of religion’, consistent with the CCP’s record of penetrating every sector of society (Chan 1995). Thus, the Chinese government adopted different strategies and co-opted different religious leaders in order to make people comfortable within China’s resumption of sovereignty.

When Deng Xiaoping began the open-door policy in 1978, the freedom of religion guaranteed by the Chinese constitution was reinstated and some religious buildings and seminaries were re-opened. The CCP provided relatively more opportunities and allowed some foreign religious bodies to have a connection to those 'registered groups'. In 1979, the HKBA organized a 'Hong Kong-Macao Buddhist Delegation' to visit Beijing officials and Chinese Buddhist Associations which re-started the relation between Chinese and Hong Kong religious sectors for 30 years (The Hong Kong Buddhist Association 2016). At that time, this visit was regarded as a "breakthrough" of religious development in China. After signing the Sino-British declaration in 1984, the State Administration of Religious Affairs of China gave more visiting chances to local religious sectors to connect with different permitted groups. In 1984, the Catholic Church in Hong Kong was invited by the officials to meet with the Chinese Patriotic Catholic Association (Catholic Church in China 1984). In 1986, the HKTA was invited to meet with officials from the State Administration of Religious Affairs of China (Lai, Yau & Wu 2010). By permitting visits, the Chinese authorities aimed to convince the religious sectors there was also religious freedom in China and ultimately gained their support for handover.

In order to emphasize the respect to religious sectors, Beijing leaders started co-opting the religious leaders into several major types of political institutions during the Basic Law making and HKSAR preparation period. Firstly, Bishop Peter Kwong of the Anglican bishop of Hong Kong and Venerable Kok Kwong, the chairman of the HKBA, were appointed to join the Basic Law Drafting Committee in June 1985 for preparing the constitutional document in the HKSAR. Secondly, the six key religious groups were invited to appoint at least one representative to take part in the Basic Law Consultative Committee in April 1990, which was responsible for commissioning the draft of the Basic Law. As requested by the religious sectors, the Committee agreed to input statements to guarantee the protection of religious freedom. In Article 32, it states that residents should enjoy the freedom of religion: 'Hong Kong residents shall have freedom of religious belief and freedom to preach and to conduct and participate in religious activities in public.' In Article 141, it further states the religious organizations should enjoy full autonomy from the government by claiming 'the government of the HKSAR shall not restrict the freedom of religious belief, interfere in the internal affairs of religious organizations or restrict religious activities which do not contravene the laws of the region'.

The religious sectors were further co-opted during the preparatory period in the mid-1990s. Bishop Peter Kwong and Venerable Kok Kwong were nominated to the HKSAR Preparatory Committee in January 1996 for implementing work related to the formulation method for the HKSAR's Chief Executive and Legislative Council. Also, one representative from each religious group was co-opted as Hong Kong Affairs Advisors for providing opinions on specific topics relating to the transition. Although there was only a limited proportion of religious representatives when compared with other sectors such as capitalists, we can still see the Chinese government strategically offered symbolic engagement to each

religious sector so as to build a mutual trust during the transitional period. After the handover, the six key religions could nominate a proportional number of representatives to Chief Executive Election Committee through their own designed method, ranging from internal voting to balloting. In the Chief Executive Election in 2017, there were a total of 60 seats for religious sectors while every religious body shared 10 seats to join the election.

In post-handover era, the Beijing leaders continue its co-optation strategies by assigned state official. In May 2004, for example, Liu Yandong, the then Director of the United Front Department, visited the leaders of six key religions and delivered the message of social harmony and stability (Office of the Commissioner of the Ministry of Foreign Affairs 2004). In March 2010, Wang Zuoan, the Director of State Administration of Religious Affairs, attended a visit to Hong Kong religious leaders and promote patriotism (Ta Kung Pao 27 March 2010). The officials of Liaison Office of Central People's Government (LOCPG) have also taken the responsibility to regularly meet with six key religious leaders during Lunar New Year Gatherings, National Day Celebration Gatherings, and bi-annual religious meetings. All the above co-optation strategies targeted to closely coordinate with religious leaders.

10.3.2 Different responses of different religions

In the context of religious studies, scholarly works tend to support that the traditions of Christianity tend to advocate and support the values of equality, human rights and freedom against political injustice (Philpott 2004) while the eastern religions tend to emphasize the loyalty of authority, order, and hierarchy which may create obstacles to democratization (Anckar 2011). This difference can also be adopted in Hong Kong. In general, eastern religious sectors want to maintain 'harmonious relations' with both Beijing and HKSAR government while the Catholic Church tends to have 'conflicting relations' due to the political stances (Leung 2005).

Since the 1970s, there have been several people in Christian Churches, both clerical and lay persons, who decided to go beyond services delivery and aimed at more basic reforms for political justice. Some of them became the leaders of labour unions and community organizers and often led and took part in many protest and marches in the 1970s and 1980s. After signing the Sino-British declaration in 1984, more Christians became active to maintain political stability in Hong Kong and established a lot of democratic organizations to improve democratization in both China and Hong Kong. The most critical event was in 1989. The outbreak of the June 4 Incident in China urged the Catholic Church to become deeply involved in it and form an association entitled 'The Hong Kong Catholic Church in support of the pro-democratic movement in China' for organizing protests and concerning human rights issue in China (Leung 2001a). After that, the Catholic Church, including both bishops and followers, played a significant role in a lot of important political events such as Legislative Council elections in 1991 and 1995 (Chan & Leung 1996),

anti-national security law legislation in 2003 (Leung 2005) and the Umbrella Movement in 2014 (Chan 2015).

Comparatively speaking, the eastern religious sectors tend to be more supportive to the authorities. The first reason is religious tradition (Luk 1990). Many religious elites had a strong traditional connection with Chinese officials and religious associations and believed they had to show respect to the authorities and maintain social harmony which are also the objectives of the government. More importantly, they considered that religions have their function to present patriotic values and socialization to followers and the community. The second reason is their poor relations with the colonial British government (Interview with a Buddhist expert, 24 January 2018). After the riot in 1967, the colonial government worried that those eastern religions had the risk to induce 'communism' in their education as their strong connection with China so rejected many subsidies from those sectors. On the other hand, both the Catholic Church and the Anglican Church were able to pick up more financial support, becoming the partners of the government (Tang 2015). Thus, those eastern religions expected they would receive better treatment after the transfer of sovereignty after 1997. The third reason is that the Chinese government was willing to provide more symbolic positions such as in those institutions to those eastern religious leaders. Many of them felt more respectful and were willing to partner with the government (Leung 2001b).

Since the handover, Beijing has used the seats of the National People's Congress (NPC) and the Chinese Peoples' Political Consultative Committee (CPPCC) as the principal platforms for incorporating Hong Kong's eastern religious elites. Empirical research on the 'Chinese connection' of three eastern religious bodies in 2017 shows that those board members were the dominant players within Beijing's united front (Figure 10.1). In total, more than 30 percent of the board members in the Confucian Academy occupied former or existing membership of NPC or CPPCC, while more than 25 percent for the HKTA and 10 percent for the HKBA. The Beijing leaders not only gave eastern religious elites political prestige during the transition, but they also provided them with an institutionalized channel through which to gain direct access to national, provisional and city leaders. It is remarkable that two members of the Hong Kong Christian Council are the representatives of CPPCC, and Bishop Paul Kwong from the Anglican Church is also a member of CPPCC, but the top Catholic leaders are basically distancing themselves from Chinese officials. None of them was listed in the members of NPC and CPPCC while they tended to keep a low profile even after meeting with the officials of LOCPG (Wen Wei Po 27 April 2004). Apart from appointments, three pro-Beijing religious groups were regularly invited to attend events and host the delegations to Beijing and the mainland but the Christian Churches were seldom invited. Thus, comparatively speaking, the eastern religious sectors generally accepted Chinese co-optation but most Christian Churches attempted to keep a certain distance from them.

Subsequent to sharing political prestige, the religious bodies are more willing to take on the role of legitimating government decisions (Koesel 2014). Eastern religious leaders have long taken a close stance with the authorities by keeping

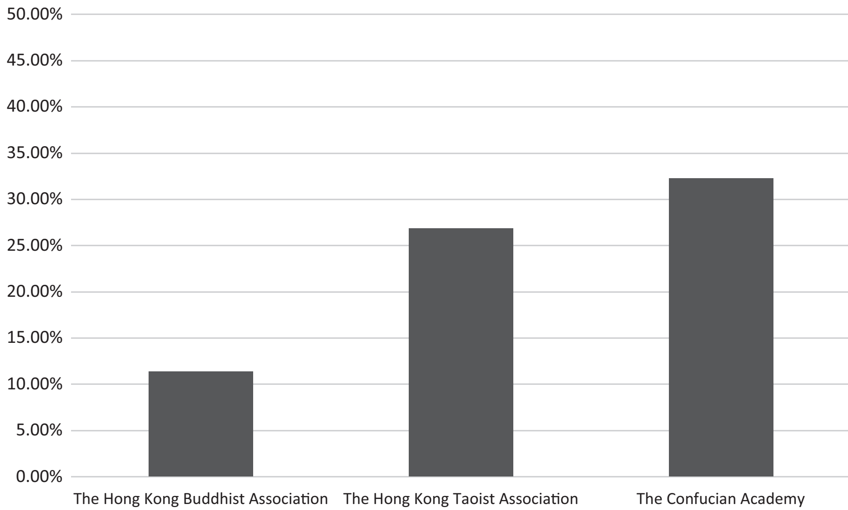

Figure 10.1 Chinese affiliations analysis of the Boards of three Oriental Religious Associations in 2017

distance on those 'sensitive issues' such as religious freedom and democratic reforms in China, achieving political stability and supporting government decisions. However, Christian Churches have a long tradition of fighting against social and political injustice by demanding reforms in both China and Hong Kong, assisting underground churches in China and criticizing unjustifiable government proposals.

Although the Anglican Church is a member of HKCC, the Church is relatively conservative in socio-political issues for two reasons. Firstly, the complex organizational structure makes it difficult for an individual priest to affect the church's official views from below. If a priest or member wants to make the church express a public statement, he or she has to submit a motion to different organizations level, encouraging member to express their views as 'individuals' instead of through church organizations (Chan 2009). Secondly, the Anglican Church has been regarded as an 'acceptable collaborator' in Beijing's eyes since the 1980s. The Bishop has been offered a position in the NPC and the Church has taken an acquiescent attitude towards Beijing and Hong Kong (Luk 1990). They worry that these relations may change if they make a lot of open criticisms of the HKSAR government.

Furthermore, the Christian Churches are more active in undertaking non-violent events in response to government policies while no information can be found showing the three eastern religious bodies mobilizing people to join the social movement campaigns in political affairs. When facing the growth of political control, the Christian Churches agreed that their followers take a 'non-violent' strategy to express their political sentiment. Many followers believed that the participation

of Cardinal Joseph Chan could remind the community of political injustice and morally mobilize people to take part in the campaign. The involvement of annual peaceful 1 July handover protests and 1 January, New Year's Day protests are some typical examples, and they emphasize that a non-violent approach is the best way to gain society's support and apply pressure on the government.

10.3.3 Mobilization of pro-China religious leaders

By holding a highly reputable social status, those leaders from eastern religions are frequently rolled out to mobilize public opinion and support in times of major political confrontations. Their strategies are to legitimate the decisions made by the Chinese and HKSAR governments. In particular, the mobilization of pro-China religious leaders is evident in three areas at critical moments, which include debating the Chief Executive Election, discussing controversial policies in Hong Kong and glorifying the national policies of the Chinese government. Firstly, during the Chief Executive Election in 2017, the two main pro-Beijing candidates Carrie Lam, who was supported by the Beijing government, and John Tsang, who was mainly supported by the pro-democratic camp, competed for the election. The controversy was that Tsang, as a relatively moderate candidate, gained most popular support in nearly all of the election surveys whereas Lam was behind due to her close connection with the Beijing government. When the society debated whether Tsang and Lam were more qualified, both the HKTA and the Confucian Academy openly endorsed the Beijing-approved candidate Carrie Lam and nearly all (9 out of 10) of the representatives of the Chief Executive Committee from the HKBA gave their nominations to Lam (Ming Pao 28 February 2017).

Secondly, the open mobilization can be found when society debates controversial issues. Table 10.1 provides some examples to illustrate how the three pro-Beijing religious groups assisted to legitimate the government's stance and mobilize popular support for particular policies, including Falun Gong incidents, National Security Law Legislation, the Hong Kong Electoral reform 2010 and Electoral Reform 2014–15. This table provides a snapshot of how leaders of pro-Beijing religious groups openly pursued the society and mobilized their followers to support the government's decisions.

The third strategy is to promote China's national policies and mobilize people's sense of national identity. As the pro-Beijing religious leaders have a close connection with Chinese officials, all of them have taken an important role to exercise 'offshore united front works' among the peripheral population. For example, during an anniversary celebration on Confucius's birthday, Tong Yun Kai, the President of the Confucian Academy, declared that the Confucians has a significant function to demand "peace and unity" for China (*Hong Kong Commercial Daily* 21 September 2015). The mobilization support on 'the Belt and Road Initiative' policy was also a recent example. For instance, Sik Hong Ming, the Executive Vice-president of the HKBA, emphasized that the Buddhists should grasp this opportunity to integrate with Chinese national policies and make Buddhism in Hong Kong a gateway between China and foreign Buddhists (*Hong*

Table 10.1 Comparing Responses of Religious Bodies in Critical Political Events

Year	*Incident*	*Controversy in the society*	*Response from Eastern religions*
2000–2001	Falun Gong incidents	Falun Gong is a spiritual practice taught by Li Hongzhi which was regarded illegal in China in late 1990s but remained legal in Hong Kong. This incident challenged the practice of 'One Country, Two Systems' in Hong Kong.	Three organizations agreed that Falun Gong was a 'devil cult', which was consistent with the stance of China and encouraged the HKSAR government to crack down on the spread of Falun Gong in advance.
2002–2003	National Security Law Legislation	In 2000, the HKSAR government released its proposals for the anti-subversion law. Supporters claimed that the law protects the security and sovereignty of China whereas others criticized the legislation as eroding freedom of speech.	Both the HKBA and the HKTA proposed that the government consider legislation against the Falun Gong. The Confucian Academy had not formally released their stances.
2010	The Hong Kong Electoral Reform 2010	The government proposed the political package to increase the Election Committee for the Chief Executive Election from 800 to 1,200 members in 2012 and to increase the number of Legislative Council members from 60 to 70.	The HKBA stated that the political reform should be made according to the Basic Law and One Country Two Systems which needed to get the approval from the Beijing government. Both the HKTA and the Confucian Academy emphasized 'social harmony'.
2014–2015	Electoral Reform 2014-15 (NPC's 31 August Decision)	The Standing Committee of NPC (NPCSC) announced the decision of the electoral reform which focused on the 2017 Hong Kong Chief Executive election and 2016 Legislative Council election. According to the decision, the 2017 Chief Executive election can be implemented by universal suffrage but each candidate must obtain more than half of support of members of a 1,200-member Election Committee which was controlled by Beijing while the 2016 Legislative election would run without further reforms.	Three religious bodies openly released a statement to support the decision made by the NPCSC and claimed that democratic reform should be carried under the practical situation of Hong Kong society.

Sources: Author's analysis; Data based on a content analysis of newspaper reports through WiseNews electronic platforms, official magazines and statements of particular religious bodies.

Kong Commercial Daily 9 July 2017). The 40 years anniversary celebration of the Open Door Policy in China was another example for the HKTA to glorify the Chinese national policy in religious freedom and mobilize junior followers to understand the Chinese culture (Wen Wei Po 4 August 2018).

10.4 China's direct influence: inducements and dereferences from CCP-state apparatus in Hong Kong's religious sectors

Since 1997, the religious sector's increased access to Chinese officials has provided the leaders of pro-Chinese religious associations with more channels through which to exercise a certain degree of direct influence. These communication channels can be classified as 'walking-out' events which refer to the representatives of China, mainly senior state and LOCPG officials, attending the events hosted by pro-China religious groups and 'walking-in' events which refer to inviting leaders of religious groups to visit the mainland and meet Chinese officials. Table 10.2 summarizes the lump-sum number of both 'walking-out' and 'walking-in' events with the attendance of Beijing's and LOCPG officials. In total, the Chinese government and LOCPG sent their representatives to attend 68, 67 and 28 events by HKTA, HKBA and the Confucian Academy, respectively.

Among those 'walking-in' events, the numbers between the HKTA and HKBA are relatively high because they had organized more events such as religious ceremonies or art performances and opening ceremonies of social service centers. Comparatively, as the Confucian Academy has put relatively less resources into public services, the attendance is lower. Throughout those events, Mainland officials and LOCPG made use of the opportunity to recognize and appease the importance of those groups, guide the leaders in how to respond to opposition from society and promote Chinese nationalism.

Then, among those 'walking-out' events, the Beijing officials can take their concerns directly to pro-China religious leaders and give direct instruction to local collaborators to exercise 'united front work' in the peripheral autonomy. Three pro-China religious associations were regularly invited to visit the mainland and attend national or provisional religious events. During those visits, the leaders were received by senior officials, including officials from the United Front Work Department and State Administration for Religious Affairs. The core message is to encourage the religious groups in Hong Kong to integrate with the national policies. Comparatively, in the religious sector, the CPP relied more on indirect influence by cultivating those leaders for mobilizing public opinion while direct influence was seldom used to provide instruction for local collaborators.

10.5 Conclusion: lessons from Hong Kong's religions

Existing literature has long recognized that the Chinese government exercised co-optation strategies in Hong Kong. However, most of the studies focus on business, media and community sectors while the implications of religious sectors

Table 10.2 Number of Reported Religious Activities Hosted by Three Eastern Religious Bodies with Members of Beijing Officials' and Central Government LOCPG Officials' Attendance

Hosts	*2000*	*2001*	*2002*	*2003*	*2004*	*2005*	*2006*	*2007*	*2008*	*2009*	*2010*	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*	*Total*
The Hong Kong Buddhist Association	3	3	3	7	6	5	3	7	2	3	5	5	2	3	2	7	1	67
The Hong Kong Taoist Association	2	5	3	4	6	6	6	6	4	4	2	3	2	3	8	2	2	68
The Confucian Academy	0	2	2	0	1	2	1	3	1	1	1	3	4	3	2	1	1	28

Source: Author analysis; Data based on a content analysis of newspaper reports of the three pro-Beijing newspapers, *Hong Kong Commercial Daily*, *Ta Kung Pao* and *Wan Wei Po*. The essence of the content analysis was to search all the newspaper reports for the keyword 'The Hong Kong Buddhist Association' (Xianggang fojian lianhehui or Folianhui), "The Hong Kong Taoist Association" (Xianggang daojian lianhehui or Daolianhui) and 'The Confucian Academy' (Kongjiao xueyuan or Kongyuan) through the WiseNews electronic platform and to code religious activities that fit the scope of the research. 'Religious activities' refers to 'walk-in' events such as ceremonies which were hosted by the associations and invited the Chinese officials to take part in the events and 'walk-out' events such as delegations to China which the associations visited the officials in the mainland.

have yet to be fully explored. Similar to most Communist states in the world, the CCP has long regarded religions as a potential challenge to its legitimacy and adopted co-optation to those state-registered religious bodies and repression to those 'non-acceptable' bodies. As a SAR of China, the Beijing authorities cannot directly control religious affairs in Hong Kong so they have co-opted different religious bodies since the 1980s.

By adopting interreligious comparison, the chapter argues the leaders of Eastern religions, having developed long and close connections with China, have been mobilized to legitimate the government stance at critical political moments. On the other hand, leaders of the Christian churches, having a long tradition of safeguarding political justice and social equality, tend to be active in promoting democracy in Hong Kong.

The discussions in this chapter illuminate our understanding of the dynamics of China's influence across the religious sectors in Hong Kong. A number of religious studies have examined the social mobilization of the Christian churches (Chan 2009) and found that state-Christians are 'conflicting relations' in nature (Leung 2005). This argument continued during the 2019 Anti-Extradition Bill Protests: The HKTA held a pro-government assembly outside the police headquarters for supporting the police and government (*Hong Kong Commercial Daily* 13 August 2019). On the other hand, the Hong Kong Catholic Church and the Hong Kong Christian Council made a joint statement to urge the government to retract the bill and establish an independent investigation committee to investigate the incidents (*Sing Tao Daily* 20 June 2019). From this perspective, this chapter offers an original contribution to the religious studies by providing a comprehensive comparison within the religious sectors in Hong Kong, responding to China's influences.

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Part III

China's influence in peripheral contested state

Taiwan as a case study

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11 China's influence on Taiwan's elections

The impact of the "1992 Consensus" on presidential elections

Wu Jieh-min and Liao Mei

Propaganda warfare is a crucial element of China's foreign influence operations. In Taiwan's 2020 presidential election, the world's media widely reported on China's interference via media disinformation and cyberwarfare. Yet, China's Taiwan Affairs Office spokesman denied this: 'Everyone knows that we have never interfered in elections in Taiwan.' This chapter will provide evidence to contradict this claim.

For two decades the Chinese government has meddled in Taiwan's presidential elections. In 1996, as the Taiwanese people were electing their president for the first time, Beijing conducted missile exercises in the Taiwan Strait in a failed attempt to disrupt the election. Since then, China has employed a variety of alternative influence measures. In January 2012, Beijing undertook a stratagem typical of 'using business to steer politics'. Several weeks before Taiwan voted, echelons of tycoons with interests in China spoke out to support the so-called jiuer gongshi (1992 Consensus)—defined by Beijing as embodying the 'One-China principle'. Consequently, the 1992 Consensus propaganda campaign impacted the outcome of the election in favor of Ma Ying-jeou, the incumbent KMT candidate (Tang, 2013; Wu and Liao, 2015). In the 2016 election, Beijing once again initiated a 1992 Consensus campaign in Taiwan's news media, but this time its intended effect appeared to have subsided. Why, then? Beijing's efforts were challenged by a strong wave of collective protests against the CCP-KMT cooperation that had caused widespread fear of loss of Taiwan's autonomy and *de facto* sovereignty. Since 2012, students and social movement activists had continually staged rallies and protests, including fighting the monopoly attempt and self-censorship of a media group owned by a pro-China tycoon, rescuing a Falun Gong practitioner detained in China, and opposing a cross-Strait free trade agreement. All of these campaigns culminated in the Sunflower Movement in 2014, in which students and civic movement groups occupied the Legislative Yuan (Taiwan's parliament) for 24 days and demanded Ma's government suspend the trade pact with China. The KMT thereafter suffered swingeing losses in end-of-year local elections and was further defeated in a landslide in 2016, not merely losing the presidency but also its majority in parliament. It is clear that China has long been a critical factor in Taiwan's domestic politics (Wu, 2009; Lin, 2016), and that Taiwan's elections

have provided Beijing with a venue in which to assert its influence through economic leverage (Fell, 2016; Wu, 2016).

This study treats China as a factor and verifies the effects of the China impact with empirically testable variables. Specifically, we will measure how China factors affected voters' attitudes and decisions, and how voters' attitudes on the 1992 Consensus weighed in their election choices; we will also interpret voters' attitude changes in terms of national identity influenced by China factors. The current literature on Taiwan's election studies primarily takes into account traditional variables such as demographics, national identity, party identification, etc. In this study, we will build on the traditional model and add a set of China-related variables to better explore the puzzle. Our research methods include analysis of public opinion surveys, aggregate economic data and news media content. We will use survey data to examine two interrelated research topics: (1) the relationship between opinions on the 1992 Consensus and voting behavior in the 2012 and 2016 presidential elections; and (2) given current cross-Strait economic ties, the relationship between voters' assessment of economic prospects and their voting behavior. Such assessment includes Taiwan's future economic outlook and voters' concerns over employment opportunities. In short, we will build a 'China factor model' for quantitative testing.

11.1 The Chinese style of foreign electoral interference: Chinese influence operations

Modern history abounds in instances of powerful nations intervening in weaker ones by way of military moves, diplomacy and economic measures. It is a common strategy for great powers to create a structure of economic dependence with small states they seek to influence. Since its economic rise, China has gained political influence in many regions by utilizing its economic resources. All of the Western powers, the Soviet Union (later Russia) and China have interfered with electoral processes in smaller nations (Fatton, 2002; Kelley, 2012; Leininger, 2010; Roessler, 2005; Khamzayeva, 2012; Jackson, 2010; Bader, Grävingholt, and Kästner, 2010). The way that China intervenes in Taiwan's elections is dissimilar from interventions staged by Western powers in the Third World, and also from those by Russia in its neighbors and the US.

Beijing has been swaying Taiwan's politics since the mid-2000s; its success in steering cross-Strait relations has been remarkable (Bush, 2013). Chinese intervention in Taiwan's elections began in 1996: Beijing flexed its military muscle, intending to disrupt the historic first presidential election. At the brink of war, tensions were so high that Washington dispatched two aircraft carrier battle groups to the region to deter the threat. The election was conducted successfully, notwithstanding the clouds gathered over the Taiwan Strait. Since then, Beijing has never failed to intervene in Taiwan's major elections, but it has gradually changed its strategy from direct to indirect action, with the aid of political allies in Taiwan. Particularly, the use of economic leverage has become the hallmark of Beijing's intervention abroad, and Beijing has been keen to utilize the asymmetry in power relations between Taiwan and China.

We find several distinctive features when analyzing China's interventions in Taiwan's elections over time. Firstly, when Beijing tried to obstruct Taiwan's first direct presidential election in 1996, the island was undergoing a critical transition; by 2012, Taiwan had already endured two successful transfers of power. In 2016, a third took place when the KMT lost to the DPP: on the one hand, electoral democracy has been firmly consolidated, but on the other, the political system is now under constant pressure from Beijing. Secondly, between the 1990s and 2020, Beijing shifted its strategy from the wengong wuhe (verbal intimidation and saber rattling) typified by the 1996 missile threat to using business to steer politics, premised upon economic leverage, as evidenced by the propaganda warfare over the 1992 Consensus in 2012. Thirdly, Beijing continues to claim territorial sovereignty over Taiwan and propagandizes about its being a province 'yet to be unified'. Xi reiterated in his 2019 New Year speech ('Xi's Five Points') that Beijing will not relinquish the use of force against Taiwan in unification efforts, emphasizing the continuation of concessionary policies to those willing to cooperate with the 'motherland'. In conclusion, Taiwan's democratization has over the years advanced head to head with China's coercion and pressure.

Nonetheless, since the early 2000s, Taiwan-China relations have undergone dramatic changes in terms of trade and investment. These links have begun to alter Taiwan's economy and politics, as can be observed in several ways. China's rapid economic growth has interacted with increasing bilateral trade relations. In 2010, China made headlines when its GDP surpassed Japan, making it the world's second-largest economy. Five years earlier it had surpassed the US to become Taiwan's largest export market. By 2000, Taiwan's exports to China (including Hong Kong) accounted for 24.4% of its total exports. Taiwan's export dependence rose to 40.2% in 2013. By contrast, China's exports (including Hong Kong) to Taiwan accounted for a mere 2.7% of its total exports in 2000, declining to 2.0% in 2013.

Taiwan's trade dependence on China (measured by trade-to-GDP ratio) increased rapidly from 8.0% in 1992 to 13.8% in 2000 to 32.4% in 2013. Again, by contrast, China's trade dependence on Taiwan has remained low; it was only 3.2% in 1992 and 3.5% in 2000, peaked at 4.7% in 2004–2005, then actually fell back to 2.4% in 2013. Though a large proportion of bilateral trade is due to triangular manufacturing, in which goods imported from Taiwan to China are assembled and re-exported, the above figures clearly show that interdependence is extremely asymmetric. Taiwan has become highly dependent on exports to China. China, however, has little reason to worry about its trade relations with Taiwan, since its economic scale is so much larger and its partners more diverse. In the process, Taiwanese-invested companies in China have increasingly come to rely on its domestic markets. The asymmetry has resulted in vulnerability and sensitivity to potential political and economic changes on the Taiwanese side. In its influence operations, Beijing has actively exploited Taiwan's economic dependence. Above all, Beijing has successfully conducted a strategy of 'commercialization of united front work' (see Jieh-min Wu's chapter in this volume).

During the 2008 presidential election, when KMT candidate Ma Ying-jeou proposed the 'Cross-Strait Common Market', China's policy became a leading campaign issue: it has been clearly shown that those who approved of the policy of 'opening to China' and who expected to profit from cross-Strait trade tended to support the KMT (Chen, Keng and Wang, 2009).

11.2 The emergence of the '1992 Consensus': How Beijing created the term with local collaborators

The fiercest propaganda warfare Beijing has yet waged against Taiwan is on the issue of the 1992 Consensus, upon which basis the CCP has since 2005 embarked on cooperation with the KMT. Beijing has also used the so-called consensus to coerce the DPP government and support KMT candidates during campaigns. The 1992 Consensus has become a shibboleth for Taiwanese businesspeople and politicians to gain the CCP's endorsement and special treatment. However, since the term was formally coined in 2000, it has stirred up controversy and debate as to its origins and legitimacy. It boils down to two questions: was there such a consensus between the CCP and the KMT government in 1992? And who invented the term?

11.2.1 The birth of a controversial term

In 1992, the 'white-glove agencies' from both sides—Taiwan's Straits Exchange Foundation (SEF) and China's Association for Relations Across the Taiwan Straits (ARATS)—met in Hong Kong, initiating the first round of negotiations across the Strait since the end of the Cold War. The central dispute revolved around the 'national question': Beijing insisted that there is only one China—the People's Republic of China—and that Taiwan belongs to that China, while the KMT government of the Republic of China argued for different interpretations of the One-China principle. In retrospect, Beijing has never formally recognized the KMT's version—yizhong gebiao (One China, respective interpretations)—because Beijing understands clearly that this means 'Two Chinas' and does not differ substantially from *de facto* Taiwanese independence. Despite the unresolved dispute, the two entities proceeded with a series of talks until 1995.

The idea of a '1992 Consensus' first emerged only in 1999 and was proposed by Beijing, contrary to the subsequent prevailing belief that a KMT official had coined it. Moreover, Beijing predominantly determined its connotation, as the following sequence of events will demonstrate.

- On 9 July 1999, then-President Lee Teng-hui revealed the 'Two-States Formula' to a German news outlet. Lee argued that Taiwan and China were in a special state-to-state relationship, which unquestionably dismayed Beijing.
- Beijing immediately embarked on a round of political warfare to counteract Lee's claim. On 12 July, the deputy director of ARATS, Tang Shubei, commented on the Two-States Formula: 'To refer to the cross-Strait relations as a state-to-state relationship does rude damage to the "One-China" principle.

Some persons in charge of the SEF referring to the cross-Strait relations as a state-to-state relationship also did rude damage to the 1992 consensus reached by both agencies [i.e., ARATS and SEF].'[1] This speech was the first time the term '1992 Consensus' appeared.

- On 10 March 2000, eight days before the presidential election, Tang reiterated that: 'If Taiwan returns to the 1992 Consensus, both agencies across the Strait can work together again. However, the 1992 Consensus does not mean "One China, respective interpretations".'[2]
- When on 18 March the DPP won the presidency, Beijing immediately launched a propaganda war with the assistance of local politicians and pro-China media in Taiwan. Legislator Feng Hu-hsiang of the China New Party made shuttle trips between Taipei, Beijing, and Washington. On 28 March, Feng said in Beijing that: 'At present, the CCP authorities have adopted a unified approach…If Chen Shui-bian announces the return to the "One-China" principle, that is, the 1992 consensus reached by both agencies across the Strait, both sides will embark on exchanges smoothly.'[3] On 28 April, Su Chi, former minister of the Mainland Affairs Council under the KMT government, suggested of Chen Shui-bian that: 'If [he] proposes to return to the "1992 consensus," it is possible to break the current stalemate across the Strait.'[4] On 12 May, Feng Fu-hsiang said that: 'After the CCP publicized the "White Paper on the Taiwan Policy," it had been proceeding with military preparation. If Chen Shui-bian evades the Jiuer Gongshi [九二共識, i.e., the 1992 Consensus], and [does not recognize] "One-China," there will be no santong ['Three Links": direct trade, aviation, and postal services], and no talks between the two sides. Even further, Taiwan cannot enter the World Trade Organization following the CCP [China].'[5] Clearly, this was the first time that the term '1992 Consensus' in the form of four Chinese characters—jiuer gongshi—had appeared in news media.
- In 2005, 'KMT-CCP cooperation' was officially announced. Lien Chan (then KMT chairman) led a delegation to Beijing and issued a joint press communiqué with Hu Jintao (CCP general secretary and president of the PRC). This stated that both sides agreed to adopt the 1992 Consensus to promote cross-Strait relations and oppose Taiwanese independence. Yet the KMT and CCP's respective interpretations of the Consensus differed. According to the KMT, the Consensus was defined as 'One China, respective interpretations', but the CCP has emphasized that it stands for the 'One-China Principle'. For Beijing, the Consensus means that both sides 'can verbally express the consensus of adhering to the One-China Principle respectively',[6] and Beijing has never agreed with the KMT's formula of 'One China, different interpretations'. Both sides still have a dispute regarding the content of the so-called consensus, but, evidently, this has not impeded cooperation.
- Notably, when Ma Ying-jeou met with Xi Jinping in Singapore in 2015 he did not mention 'One China, different interpretations', though he always insisted on using the expression in Taiwan. Instead, he reiterated the 1992 Consensus while Xi stressed the One-China principle.

- Following Xi's 'Five Points' declaration in January 2019, a deputy director of the State Council Taiwan Affairs Office observed that: 'The so-called "one China, different interpretations," rigorously speaking, has deviated from the "One-China" principle. This time, Xi Jinping's talk does not only point out that the 1992 Consensus means the insistence of the One-China principle, but that national unification is a major content of the 1992 Consensus.'[7] Beijing's new policy announcement indicated that it will no longer 'tolerate' the KMT's 'One China, respective interpretations', even if the formulation is only used within Taiwan.

So, the '1992 Consensus' is a term forged *ex post facto* by Beijing in collaboration with a small number of Taiwanese politicians during the fall of 1999 and spring of 2000, in order to pin down Taiwan's international status.[8]

11.2.2 The grand show during the 2012 campaign

Immediately following the coining of the phrase '1992 Consensus' in spring 2000, pro-China news media in Taiwan began to disseminate it. There have been five major waves of 1992 Consensus media propaganda since then (see Figure 11.1). The first peak corresponded to the initial period following the coinage of the term. The second occurred thanks to the visit of Lien Chan to China, a so-called 'ice-breaking journey' in April 2005. Hu Jintao and Lien Chan held an official meeting, and both sides jointly announced formal cooperation based on the Consensus. The third cycle coincided with the presidential election. Remarkably, after Ma Ying-jeou took office in May 2008 reports referencing the Consensus quickly decreased and entered a virtual hibernation for three years.

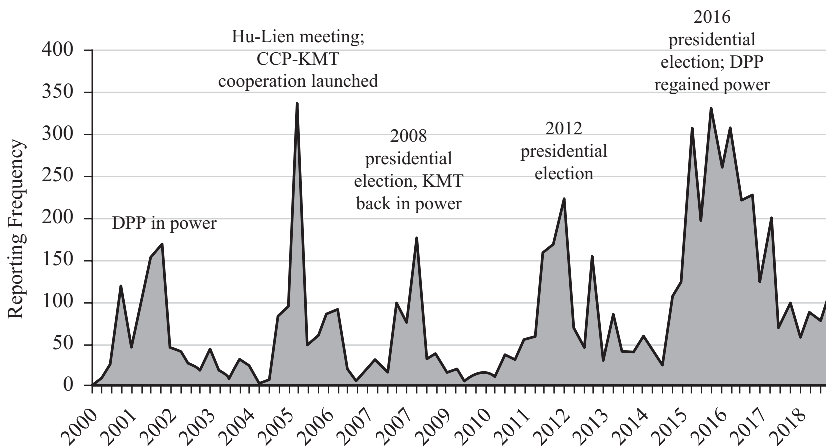

Figure 11.1 Trends of reporting frequency on 1992 Consensus, 2000–2018 (Unit: quarterly reportage)

What we might call the 'foothills' leading to the fourth peak appeared in mid-2011. Dramatically, a few weeks before election day, scores of Taiwan's business leaders spoke out in support of the 1992 Consensus, resulting in an explosion of coverage. Some studies have found that tycoons' support for the Consensus swayed economic voters, favorably for KMT candidate Ma Ying-jeou (Tang, 2013; Wu and Liao, 2015). Who were these tycoons, and how were their interests linked to China? And what did they say during the campaign? Table 11.1 lists 19 conglomerate owners who either had high stakes in China or were expecting to develop Chinese markets, and who openly supported the 1992 Consensus. They brought their societal influence into full play at a critical juncture. Twelve of these business leaders' enterprises ranked in the top 30 by total global revenue (excluding the financial sector); furthermore, 10 served on the board of directors of the Cross-Strait CEO Summit, the most influential cross-Strait entrepreneurs' club.

From the KMT's point of view, cross-Strait relations had run smoothly, thanks to CCP-KMT cooperation based on the 1992 Consensus. It was also suggested that if the DPP candidate, who opposed the Consensus, were to be elected, cross-Strait relations would backslide or be broken off. Samuel Yin of the Ruentex Group placed adverts on the front pages of major newspapers on 2 January 2012:

> 'Since President Ma took office, both sides across the Strait have put aside disputes and negotiated realistically based on the 1992 Consensus, thus creating a prospering environment for the Taiwanese people and producing the most peaceful time in the Taiwan Strait over the last sixty years…Taiwan is not able to withstand stagnation and uncertainty in the cross-Strait relations.'[9]

John Hsuan of United Microelectronics, in conjunction with a group of high-tech entrepreneurs, announced:

> 'We detest [some people] using elections to produce hostility and social unrest and spoil industrial harmony. Under the current economic environment, only the support for the 1992 Consensus can keep our mind on business, continuing to employ our workers and take care of their families.'[10]

Cher Wang of VIA Technologies (HTC) held a press conference 'under her personal name':

> 'Is there the 1992 Consensus, and what are the concrete contents of the 1992 Consensus? These questions belong to the category of politicians and scholars...There have never been such peaceful cross-Strait relations before the advent of the "1992 Consensus"... It's hard to imagine a bilateral relationship without the "1992 Consensus." It's also hard to imagine that some people would say no to peaceful cross-Strait relations. It's even harder to understand that some people believe that all of the things could have been created, and would not be changed, without the "1992 Consensus."'[11]

Table 11.1 List of Tycoons Supporting the '1992 Consensus' in the 2012 Presidential Election

Enterprise Group	*Chair or Person in Charge*	*Percentage of Group's Total Revenues from China (incl. HK)*	*Member of Taiwan's Top 30 (excl. financial sector)*	*Board Member of Cross-Strait CEO Summit*
Ruentex Group	Samuel Yin	51.1	YES	
E United Group	I-Shou Lin	47.3	YES	
Foxlink Group	Tai-Chiang Guo	45.9		YES
Yulon Group	Kenneth Yen	37.3	YES	YES
Chimei Corp.	Ching-Siang Liao	36.6	YES	
Walsin Lihwa Corp.	Arthur Yu-Cheng Chiao	36.5	YES	YES
Hon Hai Group (Foxconn)	Terry Gou	35.4	YES	YES
Delta Electronics	Bruce Chang	33.3	YES	
Wei Chuan (Ting Hsin Int'l Group)	Ying Chun Wei	27.5		
Far Eastern Group	Douglas Hsu	24.4	YES	YES
Unitech Printed Circuit Board Corp.	Pen-Tsao Chang	24.0		YES
VIA Technologies, Inc. (HTC)	Cher Wang	16.1	YES	YES
TECO Group	Theodore Mao-hsiung Huang	15.9		YES
Siliconware Precision (SPIL)	Bough Wen-Bor Lin	10.7		
Formosa Plastics Group	Wen-Yuan Wong	10.6	YES	YES
United Microelectronics Corp.	John Hsuan	10.4	YES	
Yang Ming Marine Transport Corp.	Feng-hai (Frank) Lu	2.0		
Cathay Financial Holdings	Hong-Tu Tsai	0.3		YES
Evergreen Group	Yung-fa Chang	0.1	YES	

Source: Revenue data compiled from the databank of China Credit Information Service Ltd.; Others collected by the author.

These speeches, and many others, began to saturate the media about three weeks before election day. All these businesspeople emphasized the benefits of a stability in the Taiwan Strait which was due to the 1992 Consensus.

It was not to be doubted that the 2016 presidential election would see another peak in 1992 Consensus media coverage. This cycle arose in the fourth quarter of 2014—much earlier than in previous years—continued into the electoral high summer of January 2016, and plateaued for quite a time before slowly sloping away. This prolonged war of words had occurred because the DPP was now back

in power, denying the existence of the Consensus and refusing to accept it. In summary, both Beijing and the KMT have periodically mobilized the issue of the 1992 Consensus during Taiwan's national election cycles, and it has become 'internalized' into Taiwan's body politic.

11.3 Testing the China Factor model: Assessing the impacts of Chinese influence operations

In this section, we will verify the China Factor model statistically, using multinomial logistic regression. The literature on Taiwanese politics has mainly concentrated on the topics of party identification, partisan competition, ethnic relations, gender, and national identity. Few studies have treated the China factor as an independent variable.[12] Generally, 'the traditional model' selects demographics, ethnicity, party identification, and unification-independence choice as independent variables (Sheng, 2002; Cheng, 2009). Since the rise of China, the China Factor has become an essential element of Taiwanese politics, and the traditional model will be flawed in its explanatory power unless it incorporates China-related variables. We therefore test China-related variables that may affect voting behavior in presidential elections, using both 2012 and 2016 data from the CIS survey conducted right after the elections. The regression results are reported in Table 11.2 and Table 11.3 for the 2012 and 2016 elections respectively. In each table, Model 1 illustrates the traditional model and Model 2 adds China factor variables to further test the effects on voters' choices.[13]

11.3.1 Model 1: Verifying the traditional model

The traditional model examines variables of party preference (pan-Blue,[14] pan-Green,[15] and independent voters), unification-independence choice (pro-unification, pro-independence, and middle ground), ethnicity (Minnan,[16] Hakka, mainlander, native, and others), gender, age, educational level and income. The model uses the DPP candidates (Tsai-Su in 2012 and Tsai-Chen in 2016)[17] as the base outcome, and hence has two dependent variables—'voting for the KMT candidates' and 'nonvoting'.[18]

Model 1 in Table 11.2 tests the traditional model and predicts the 'relative risk ratios' (RRRs)[19] for those who voted for Ma-Wu[20] and for those who did not vote in 2012. The ratio of the probability of choosing Ma-Wu over Tsai-Su is referred to as the relative risk ratio. The results in Model 1 show that, in terms of party preference, using independent voters as the reference group, those who identify with the Blue camp are 28.13 times more likely (RRR = 28.13, p = 0.000) to vote for Ma-Wu compared to independent voters; whereas those who identify with pan-Green are much less likely to vote for Ma-Wu (RRR = 0.02, p = 0.000). In terms of ethnicity, with Minnan as the reference group, mainlanders' support for Ma-Wu is very significant, with an RRR of 5.53 (p = 0.000). Regarding the choice between unification and independence, using the middle ground as the reference group, both pro-unification and pro-independence correlations reached statistically significant

Table 11.2 The Relative Risk Ratio from Multinomial Logistic Regression Estimates of Voting for KMT Presidential Candidates and Nonvoting to Voting for DPP Presidential Candidates, Year 2012

	Relative Risk Ratio (RRR) (base group: DPP Tsai-Shu)			
	Model 1		*Model 2*	
Dependent Variables:	*Voting for KMTcandidates Ma-Wu*	*Nonvoting*	*Voting for KMTcandidates Ma-Wu*	*Nonvoting*
China Factor				
1992 Consensus				
support			7.10***	2.25
not support			0.17***	0.93
do not know			0.97	1.15
Assessment of the cross-Strait economic impact			2.42**	1.78*
Unemployment anxiety				
wonyabout unemployment			0.33***	0.51*
not available/retired			0.59	0.73
Traditional Model variables				
Party preference				
Pan-blue	28.13***	1.90	17.80***	1.56
Pan-green	0.02***	0.06***	0.02***	0.07***
National identity				
Pro-unification	3.10*	2.96*	2.17	2.44+
Pro-independence	0.57	0.74	0.89	0.85
Ethnicity				
Kejia	1.54	1.80	1.10	1.62
Mainland	5.53***	4.65**	5.21**	4.90**
Native and others	3.92	1.77	6.13	2.11
Female	1.92*	1.18	2.18**	1.25
Age	1.01	0.97*	1.01	0.97*
Education				
High school grad.	1.01	1.43	0.81	1.25
College associated	1.12	1.04	0.62	0.75
College grad and higher	1.24	1.19	0.63	0.82
Income	1.00	1.00	1.00	1.00
Intercept	0.42	2.86	0.62	3.69
Number of obs	918			
Pseudo R^2	0.149		0.472	
Log likelihood	−540.932		−491.489	

Source: Data are from the China Impact Survey (CIS) at the Institute of Sociology, Academia Sinica, survey year in 2012.

* Note: The reference group for 1992 consensus is those who responded with 'unsure'; for Taiwan's long-term economy is 'bad influence', for unemployment anxiety is 'not worry', for national identity is 'middle ground', for party preference is 'independent voters', for origin is 'minnan', for education is 'less than high school'. All other variables are dummies, except that both age and income are continuous variables. The statistical significance level: + p≤0.1, * p≤0.05, ** p≤0.01, *** p≤0.001.

Table 11.3 The Relative Risk Ratio from Multinomial Logistic Regression Estimates of Voting for KMT Presidential Candidates and Nonvoting to Voting for DPP Presidential Candidates, Year 2016

	Relative Risk Ratio (RRR) (base group: DPP Tsai-Chen)			
	Model 1		*Model 2*	
Dependent Variables:	*Voting for KMT candidates Chu-Wang*	*Nonvoting*	*Voting for KMT candidates Chu-Wang*	*Nonvoting*
China Factor				
1992 Consensus				
support			1.96*	0.74
not support			0.29**	0.34***
do not know			0.81	1.06
Assessment of the cross-Strait economic impact			1.92*	1.39
Unemployment anxiety				
wonyabout unemployment			0.83	0.56*
not available/retired			1.49	0.47
Traditional Model variables				
Party preference				
Pan-blue	32.26***	3.45***	20.87***	2.70***
Pan-green	0.10***	0.09***	0.13***	0.10***
National identity				
Pro-unification	1.25	1.33	1.03	1.16
Pro-independence	0.46**	0.57**	0.56*	0.65*
Ethnicity				
Kejia	1.06	1.17	1.10	1.23
Mainland	5.13***	2.78**	4.24***	2.32*
Native and others	1.91	1.68	2.42	1.87
Female	0.70	1.10	0.61+	0.92
Age	1.00	1.00	0.99	1.00
Education				
High school grad.	0.80	1.47	0.71	1.52
College associated	1.32	1.79	1.06	1.80
College grad and higher	0.78	1.32	0.63	1.42
Income	1.00	1.00	1.00	1.00
Intercept	0.29+	0.68	0.38	0.97
Number of obs	948			
Pseudo R^2	0.340		0.380	
Log likelihood	−637.384		−599.090	

Source: Data are from the China Impact Survey (CIS) at the Institute of Sociology, Academia Sinica, survey year in 2016.

* Note: The reference group for 1992 consensus is those who responded with 'unsure'; for Taiwan's long-term economy is 'bad influence', for unemployment anxiety is 'not worry', for national identity is 'middle ground', for party preference is 'independent voters', for origin is 'minnan', for education is 'less than high school'. All other variables are dummies, except that both age and income are continuous variables. The statistical significance level: + $p \leq 0.1$, * $p \leq 0.05$, ** $p \leq 0.01$, *** $p \leq 0.001$.

levels: one who chooses pro-unification tends to support Ma-Wu (RRR = 3.10), and one who prefers pro-independence tends not to support Ma-Wu (RRR = 0.57). Females are more likely than males to support Ma-Wu (RRR = 1.92). Otherwise, age, education and income are not statistically significant.

Likewise, Model 1 in Table 11.3 examines the traditional model and predicts the RRR for those who voted Chu-Wang and those who did not vote in 2016.[21] Party preference remains the most potent predictor: those who prefer the Blue camp tended to vote for Chu-Wang: their relative support rate is 32.26 times (p = 0.000) larger than those who claim to be independent. Predictably, those who prefer pan-Green are highly unlikely to vote for Chu-Wang. Regarding ethnicity, mainlanders' support for Chu-Wang is still significant, with an RRR of 5.13. In terms of unification-independence choice, only the pro-independent variable reaches a significant level. For the year 2016, gender, age, educational level and income are all insignificant. Comparing the regression results of Model 1 between 2012 and 2016, we find that the traditional Blue-Green cleavage remains mostly unchanged. These findings based on the traditional model are consistent with previous studies (e.g. Sheng, 2002; Cheng, 2009). But what happens when we add the China factor variables?

11.3.2 Model 2: Verifying the China Factor model

Model 2 adds additional variables of the China factor into Model 1 (the traditional model). Again, we set DPP voters as the base group, and thus the two dependent variables are those voting KMT and nonvoters. In Model 2, we include three new independent variables measuring China-related effects: (1) attitude toward the 1992 Consensus (support or do-not-support); (2) assessment of the impact of cross-Strait economic relations on Taiwan's long-term economic prospects (good or bad); and (3) personal anxiety about unemployment under cross-Strait relations (worried or not-worried). The regression results are set out in Model 2 in Tables 11.2 and 11.3. Several significant findings can be analyzed:

(1) For 2012, all three China factor variables appear significant. The RRR for those who support the 1992 Consensus reaches as high as 7.10. Its impact is even higher than ethnicity (being a mainlander, RRR = 5.21). The power of the 1992 Consensus propaganda is clearly verified in the 2012 election. Assessment of cross-Strait economic impact and anxiety over personal unemployment are also significant, but their effects are much lower than that of attitude toward the 1992 Consensus. Comparing Model 2 with Model 1, when introducing the China factor variables the effect of party preference becomes smaller. Also, the RRR for pan-Blue reduces from 28.13 to 17.80. Nevertheless, party preference is still the most potent variable in explaining a voter's choice of presidential candidate. Ethnicity (being a mainlander) and gender (being female) stay at a similar level. Surprisingly, the most dramatic change comes from the national identity variable (choice on unification or independence). After controlling for China factor variables, the effect of the national identity variable becomes statistically insignificant.

(2) Turning to 2016, two of the China factor variables—1992 Consensus and assessment of cross-Strait economic impact—remain statistically significant, but their impact has reduced substantially. The effect of the 1992 Consensus (for those who support it, RRR = 1.96) is now lower than that of ethnicity (for mainlanders, RRR = 4.24). In addition, unemployment anxiety becomes insignificant. As for the national identity variable, pro-independence becomes significant again ($p \leq 0.05$) with a modest RRR of 0.56. Gender is not significant. Party preference remains the most potent predictor in Model 2.

(3) In comparing the results of both election years, the most striking finding is that the impact of the China factor faded drastically in 2016. Remarkably, the RRR for those supporting the 1992 Consensus shrank from 7.10 in 2012 to 1.96 in 2016. Compared with other variables, the Consensus no longer played a critical role. As analyzed above, the Sunflower Occupy Movement of March 2014 severely damaged the legitimacy of KMT-CCP cooperation and hence the discursive power of the 1992 Consensus. The 1992 Consensus in 2012 replaced part of the effect of national identity in affecting voters' choices. However, in the 2016 election, the civic resistance movement against China's interference neutralized the effect of the 1992 Consensus. This turn indicates that the voting difference traceable to polarization in attitudes toward China narrowed in the 2016 election. Against this backdrop, pro-independence re-emerged as a significant variable unfavorable to the KMT candidate, though its effect was relatively mild. Corresponding to the dwindling effect of the China factor was the augmentation of party preference in 2016. The RRR for those identifying as pan-Blue grew from 17.80 in 2012 to 20.87 in 2016. Perhaps the most interesting shift was in women's attitudes toward the KMT candidate, which changed from favoring (RRR = 2.18, $p \leq 0.01$, in 2012) to disfavoring (RRR = 0.61, $p \leq 0.1$, in 2016). That the DPP's female presidential candidate, Tsai Ing-wen, played the gender card may well explain this reverse.

(4) Overall, the variable of mainlander ethnic identity remains a robust predictor of voting choice; mainlanders are consistent supporters of KMT candidates regardless of the China impact. Besides, this effect did not fluctuate as much as other important variables between the two waves of investigation.

To sum up, the influence of the China Factor favoring the KMT waned in the 2016 election, most likely because it was counteracted by Taiwan's civil society. The public became much more aware and critical of KMT-CCP cooperation than before. The public's trust in the KMT has plunged in recent years, as surging civic protests, including the Anti-Media Monopoly Movement in 2012 and Sunflower Occupy in 2014, seriously impacted the KMT's pro-China policy.

11.4 Conclusion: Influence operations and resistance

This chapter provides a case study of how China has manipulated public opinion by waging propaganda warfare in Taiwan, and of how Taiwanese voters have

perceived the China factor and changed their attitudes in response. To effect such an influence, Beijing had to create a discourse that linked economic dependence and pro-China policy. The 1992 Consensus fulfilled the desired function. The KMT played its part in the game, conveying a message to voters that a 'backslide' in cross-Strait relations would lead to recession and affect livelihoods. Despite the varying degrees of its collaborative networks, Beijing has applied a similar strategy of commercialization of united front work globally. Offering economic incentives to the objects of its united front work is an essential measure in Beijing's repertoire of soft and sharp power.

Based on content analysis of qualitative news data and surveys on the 2012 and 2016 presidential elections, we have explored how the China factor has subtly shaped Taiwan's national identity. Our study has found that China factor variables play a critical role in voters' decisions, but the degree of influence is contingent on the concurrent political situation. One of the most striking findings of the 2012 survey is that China factor variables (the 1992 Consensus, in particular) had a neutralizing effect on the influence of national identity, which before the 2012 election was a consistently significant factor. Those economic voters affected by 1992 Consensus discourse had a significant impact on the outcome. These voters may have been convinced that 'rejecting the 1992 Consensus will rock the boat of peace and prosperity'. We have explored the logic of economistic reasoning in people's attitudes toward China and its limits, contributing to a deeper understanding of the mechanism of Chinese interference in foreign countries.

The outcome of the 2016 election, however, reversed the trend we saw in 2012: the CCP's propaganda warfare over the 1992 Consensus ceased to be effective in swaying people's voting decisions. As evidenced by the above analysis, civic resistance to Chinese interference, in which the Sunflower Occupy Movement was the pinnacle event, may best explain differences between the respective election results. The civic movement significantly reduced the rhetorical legitimacy of economic stability as suggested by the 1992 Consensus. Hence, Taiwan's civil society has become a critical determinant of cross-Strait relations as well as electoral politics. It is no exaggeration to say that civil society defeated Beijing's influence attempts in the 2016 election (Wu, 2019).

The 2020 presidential election provides another window to understanding Chinese influence operations. It tells us about the possible limits—or even the self-defeating effect—of influence operations exercised by a foreign power. As early as 2018, an obscure figure named Han Kuo-yu, nominated by the KMT, won a landslide in the mayoral election in Kaohsiung, a stronghold of the pan-Green camp. This surprising victory sent shockwaves nationwide. At that moment, it was widely supposed that the KMT could recapture power at a national level in 2020. Han gained the presidential nomination. This initial bright outlook for the KMT—and for Beijing—dimmed rapidly after an abrupt change in fortune. In January 2019, Xi Jinping delivered the speech in which he not only called for unification under 'One Country, Two Systems' but also

warned of possible use of force in seeking that goal. President Tsai immediately condemned Xi's speech and countered that 'Taiwan absolutely will not accept "One Country, Two Systems"'. Her approval ratings quickly bounced back. Xi's speech had rendered Han a great disservice. In March, Han visited Hong Kong and walked into the Central Liaison Office. This meeting proved particularly sensitive, as Han had been known as a pro-unification politician and it happened amid heightened tensions between Taiwan and China. His actions touched a nerve, his approval rating plummeted, and he was overtaken by Tsai within two months. In June, the Anti-Extradition Movement broke out in Hong Kong. Riot police brutally cracked down on protestors. The shaky guarantee of One Country, Two Systems nearly collapsed. Hong Kong's grief overwhelmed Taiwan. All of these episodes triggered negative feelings toward Han Kuo-yu as more and more people began to worry that Taiwan would be taken over by China if he were elected. This collective wangguogan anxiety ('fear of losing one's country') was mobilized in Tsai's favor and helped boost her lead. Throughout 2019, an enormous number of Chinese influence operations, all theoretically favorable to the KMT, were widely reported by international media. In this round, however, Beijing's propaganda and disinformation appeared to be ineffective or even counterproductive. Tsai Ing-wen won with a commanding 57.1 percent of the vote. Identity politics and social defense for autonomy and democracy had again become critical determinants (Wu, 2020).

The Taiwan case provides a prototype for further studies into China's interventions in other countries. One element that Beijing has used in Taiwan stands out: the crucial role of local collaborators in the exercise of political influence or sharp power. Hong Kong runs as a parallel case, but since it is already in Beijing's grip the CCP can interfere with elections in a more straightforward manner. But despite the relentless crackdown, Hong Kong's people have fought on and the pro-democracy camp won an inspiring victory in district elections in 2019. The most important lesson we learn from Chinese influence operations would be that action begets reaction. Beijing's ever-aggressive external policies have caused repugnance and resistance around the world. This has not only happened in Hong Kong and Taiwan, but also in developing countries and in Western democracies such as Australia, Canada and the US.

In retrospect, then, why did Xi Jinping launch his aggressive address to Taiwan, helping reverse the KMT's fortunes and the CCP's unification roadmap? His calculations and motivations remain a mystery, but I would argue that geopolitics matter. Under an intensified rivalry with the US, Beijing may have feared that Taiwan would be offered more space in international diplomatic standing. In the wake of the DPP's electoral debacle in 2018, Beijing may have speculated that it could deal the 'Taiwan independence forces' a fatal blow in 2020. As we know, this did not in fact happen. Amid wider geopolitical transformations, Beijing's sharp power only served to foment steadfast reactions in Taiwanese society.

Acknowledgment

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Notes

1 Emphasis added. In Chinese, '1992 consensus reached by both agencies' was expressed as yijiujiuer nian lianghui gongshi (一九九二年兩會共識). See Tao Shian, 'The deputy director of ARATS Tang Shubei held a press conference in Hong Kong and said that advocating "Two-Chinas" is deemed a failure,' People's Daily, July 13, 1999.
2 'Tang Shubei Said, If Return to the 1992 Consensus, Both Agencies Can Talk Again,' Central News Agency, March 10, 2000. Emphasis added.
3 'Feng Fu-hsiang Said the CCP May Play the Economic Card against Chen Shui-Bian,' Central News Agency, March 28, 2000. Emphasis added.
4 'Su Chi Suggested Chen Shui-bian Proposed the 1992 Consensus to Break the Deadlock,' Central News Agency, April 28, 2000. Emphasis added.
5 'New Party Legislator Visited the US Seeking to Reconcile the Taiwan Strait Conflict Crisis,' Central News Agency, May 12, 2000.
6 'Li Ya-fei on the Unchanged Discourse of the 1992 Consensus,' Central News Agency, August 11, 2010.
7 'Wang Zaixi: Kuomintang's "One China, respective interpretations" is not the original 1992 Consensus,' United Evening News, Feb. 26, 2019, available at https://udn.com/news/story/11311/3665722, accessed Feb. 27, 2019.
8 For a brief history of the formation of '1992 Consensus', see Wu (2015).
9 'Chang Yung-fa and Other Celebrities Strongly Support the "1992 Consensus" and Call for Peace in the Taiwan Strait,' Jan. 3, 2012, China News, available at http://www.chinanews.com/tw/2012/01-03/3577840.shtml, accessed March 11, 2019.
10 'John Hsuan Forms an Alliance to Support the 1992 Consensus,' United Evening News, Jan. 11, 2012.
11 'Cher Wang Declares her Stands and Supports the 1992 Consensus,' Central News Agency, Jan. 13, 2012, available at http://goo.gl/LbocDV, accessed March 11, 2019.
12 For exceptions, see Chen, Keng and Wang (2009) and Tang (2013).
13 Before constructing the model, we double-checked the main variables (including party preferences, national identity, unification-independence choice, and 1992 Consensus) one by one to determine whether the condition of multicollinearity was present. The results show that these variables are not collinear with each other.
14 Pan-Blue refers to people whose party preference inclines to the KMT, People First Party, and China New Party, the latter two spinoffs of the KMT during the 1990s and 2000s.
15 Pan-Green refers to people whose party preference inclines to the DPP, Taiwan Solidarity Union (Lee Teng-hui its spiritual leader), People Power Party (emerged since the Sunflower Movement), and the like.
16 Minnan refers to those whose ancestors emigrated from Southern Fujian.
17 Tsai-Su denotes DPP presidential candidate Tsai Ing-wen and vice-presidential candidate Su Chia-Chuan. Tsai-Chen denotes Tsai Ing-wen and vice-presidential candidate Chen Chien-Jen.
18 For simplicity, we exclude those who voted for the third group of candidates, cast invalid ballots, or responded with 'cannot remember' or 'no answer'.
19 Relative risk ratio can be obtained by exponentiating the coefficients of the linear equations, yielding comparable magnitude based on a unit change in the explanatory variable.
20 Ma-Wu denotes KMT presidential candidate Ma Ying-jeou and vice-presidential candidate Wu Den-yih.
21 Chu-Wang denotes KMT presidential candidate Chu Li-luen and vice-presidential candidate Wang Ju-Hsuan.

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12 China's influence on Taiwan's economy

The economic statecraft of mainlander tourism

Tsai Hung-Jeng

In general, discussion of China's economic reforms revolves around its huge absorption of foreign capital, fast growth of GDP and the daily proliferation of its 'red' supply chain. In the eyes of an ideal neo-classical economist, foreign investment has brought China technological advance, purchase orders and integration into the world division of labor with its position of comparative advantage—allowing Chinese industry to gradually sink its roots into solid economic growth in the global supply chain. It is assumed that fast growth of economic specialization and capacities will advance an internal social division of labor and pluralism, and from this extend to liberal democracy; so after the economic liberalization of China, democratic processes as familiar to Western countries would emerge. After all, Taiwan has performed as a shining example of modernization theory, a testament to political democratization following on acceptance of economic liberalization.

However, the unfolding of real events has demonstrated that the predictions of the liberal political scientists are but a pipedream. More people are beginning to discuss whether China's economic growth brings new externalities to the world political balance. In the worst case, its economic growth may give China the capacity to internally implement political repression, economic exploitation and social control, at the same time that it can systematically utilize so-called 'economic diplomacy', i.e., mobilize its burgeoning economic power and transform it into political and social influence, so that it can project Chinese-style authoritarianism into other realms of the globe.[1]

In order to understand this kind of authoritarian economic statecraft, it is useful to analyze several crucial aspects of the historical evolution of the Chinese economic reforms. If it can be said that village and town enterprises were the main drivers of dispersed Chinese economic reform of the 1980s, then after the Tiananmen Incident, in the 1990s, Chinese capital accumulation went in the direction of centralization. China completed a transformation to a state-led developmental model of party/governmental capitalism by means of two policies that fully utilized the special characteristics of capital in East Asia (in particular that of Hong Kong and Taiwan).

The first policy was the new taxation system of 1994. The central government set up local taxation bureaus for national taxation, and changed the system by which local governments remitted taxes to the center. At the same time, the division of tax receipts between center and local was changed from 4:6 to 6:4, diverting the fruits of fast economic development to the center and increasing the center's financial power. This increased the power of national development to coordinate planned distribution, and especially stem the gaping losses of state industries. The tax system also forced local governments to seek sources of revenue, and led local governments everywhere to ally with commercial forces and develop so-called 'local state corporatism' (Oi 1995). Because the local governments took on operating like companies, important government functions such as education, medical treatment and senior care, etc., were postponed or even entirely sacrificed under this kind of enforced rationale of development. This institutionalized logic later directly caused local governments to expel farmers and engage in financial speculation in real estate, all in the name of 'a new form of cooperative relationship between banking and government', according to Chen Yuan (2012).

The second major policy was the transformation of state-run enterprises, encapsulated as 'catch the big ones and let the small ones go'. The central government allowed over 117,000 local state-run enterprises to devolve to local government in a process by which they were either restructured, privatized or closed. At the same time, the largest central enterprises were taken into tight state control. This group of 'elder sons of the republic' underwent several reforms of personnel administration and writing off of bad debt, after which they emerged with brand news facades and financial techniques designed by Goldman Sachs and Morgan Stanley, the Wall Street investment bankers, and were listed on the financial markets of New York and Hong Kong. They became the new stars of the Fortune 500, and typical among them was the case of China Mobile Communications Corporation (中國移動通信集團公司). With the assistance of Goldman Sachs, the PRC Ministry of Posts and Communications set up a series of shell companies to move IPO funds from Hong Kong companies, and thus collected US$4.5 billion; this capital was then used to merge six telecommunications companies belonging to provinces, and to establish an industry agency that could overcome local rivalries and reach a real monopoly over the national market, a kind of 'red capitalism' of the 'national champions' (國家冠軍隊) (Walter and Howie, 2012).

So after 1990 the pattern of China's development was that the government used the bond market supported by the banking system to shore up the bad credit of the 'national champions', and through them laid out a series of investments in basic infrastructure, while maintaining a high rate of economic growth induced by the investment. This kind of economic growth had two important effects: First, it supported the high rate of employment, while people's salaries also yielded returns to government through taxes and through savings in the bank system monopolized by the government. Second, the prosperity of the huge Chinese market served to attract foreign capital and money of foreign stocks on the domestic market, an important boost for capital. Both factors helped government banks to balance the

bad debt of the 'national champions', and thence to augment the future value of the Chinese economy.

The state banking monopoly, 'national champions' of industry and Western financial schemes did not only help the private sector to work together with the world economy to buoy up the astonishing wealth of the party/state elite; the economic growth fostered by the private sector and foreign capital also played into the hands of the Chinese Communist Party, which could be acclaimed as the vanguard of modern productivity. After the year 2000, the state apparatus renewed control over the private sector; but it could use the market economy, not Maoist mobilization, to effectively control Chinese civil society and reestablish the legitimacy of its rule.

The logic of the circulation of domestic capital likewise has served to create an international circulation of capital with China at its core. With the support of financial institutions, national enterprise has pursued purchases of raw materials on a massive scale, to stabilize the inputs for industry, and it further sought to obtain new technology at a breakneck speed. On the international front, China has provided huge capital investments for infrastructure construction in other countries, or even provided buyer credit, in order to achieve strategic political or military objectives. As a typical recent case in point, China in July 2017 has provided a 99-year loan of US$1.1 billion to Sri Lanka for the Hambantota deep-water port. We can depict this 'socialist market economy with Chinese characteristics' and its domestic and international circulation of capital as in Figure 12.1.

Concerning evaluation of China's authoritarian economic statecraft, Taiwan just happens to provide an inspiring example in many dimensions. In the following article, we will take the Chinese tourist economy as a case in point to explain how the Chinese government seeks to expend the smallest economic price to purchase the political benefit to its interests. It is, perversely, because of the success of its economic statecraft in controlling all aspects of the Chinese tourist industry that it has also elicited a backlash in Taiwan civil society, and from this has grown a deep suspicion of closer relations with China.

12.1. Background: the historical process of Chinese mainlander tourism

The history of Chinese tourists coming to Taiwan can be divided into three parts. In the first part, before the year 2000, there were virtually none. At that time there was no profit in Chinese tourism, and so naturally there was no influence from it to speak of. The second stage was roughly 2000–2008; on 23 November 2001, the Taiwan government under Democratic Progressive Party (民主進步黨, DPP) presidency passed the 'Program to Promote Opening of Mainland Area People Coming to Taiwan for Tourism' (開放大陸地區人民來台觀光推動方案), and thus began the first page in Chinese tourism. But the Chinese government was not willing to let the DPP government in Taiwan to take credit for the multiple benefits of this tourism, and so they kept the number of Chinese tourists to 200,000 to 300,000 a year until the DPP stepped down. In the third stage, from 2008, there

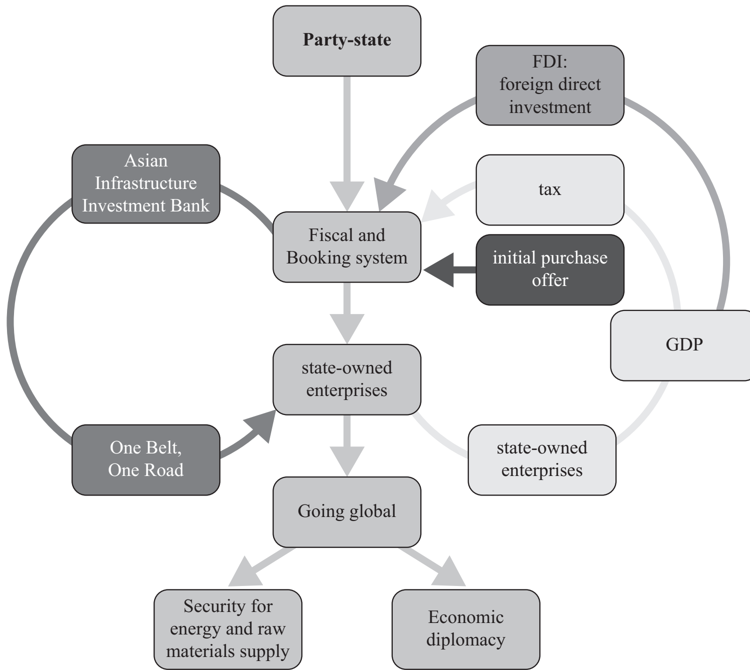

Figure 12.1 The capital cycle of Chinese state capitalism

was a dramatic change in this policy. Under the KMT presidency of Ma Ying-jeou (馬英九) and its slogan of 'limitless commercial opportunities', the number of Chinese tourists suddenly increased from 329,200 in 2008 to 972,100 in 2009, and thence increased by about 600,000 a year, until it reached over four million around 2014 to 2015. At that point Chinese tourists were over 40% of all tourists, and were far in excess of the second, third and fourth numbers from Japan, Hong Kong/Macao and Southeast Asia (see Figure 12.2).

China's ultimate goal of the united front in tourist operations was to create Taiwanese economic dependence, such that in the short term it could serve as economic leverage to exert political influence, and in the long term could achieve actual economic unification between China and Taiwan. With this strategy, the policy of Taiwanese tourism had to be kept under tight Chinese government control, to assure that the Chinese tourists channeled to Taiwan would increase the dependence effect. So it was just with this strategic goal that the Chinese government did not respond warmly to the 2001 DPP initiative in allowing Chinese tourism, but rather in 2005 put out a friendly hand to Lien Chan (連戰), then chair of the KMT, and, especially after Ma Ying-jeou took office in 2008, rolled out the accelerated spurt in Chinese tourism.

Attendant on this, this tight control by the Chinese government succeeded in making the Taiwan enterprises involved in the tourist trade subservient to the

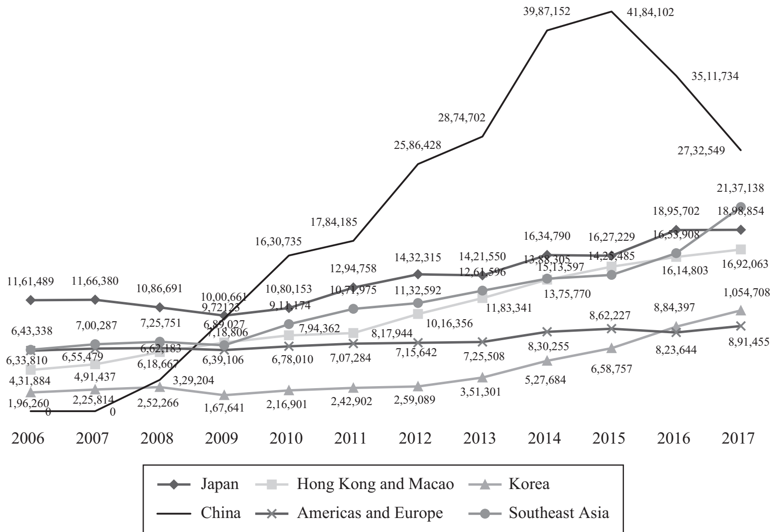

Figure 12.2 Taiwan visitor arrivals by country of origin, 2006–2017

Chinese government, such that they exerted pressure on the Taiwan government. At the same time, it shaped a buyer's market that could be directed by the Chinese government through its control over tourist travel of its citizens. The tourist industry then on the Chinese side devised means by which it could keep most of the profits from the trade on its side, the 'all-in-one' trip plan for buses, hotels and souvenir purchasing that was dubbed 'one dragon'; and this also allowed convenient physical and ideological control of the Chinese tourists visiting Taiwan.

12.2 China's direct influence: economic inducements and deterrence for Taiwan's tourism industry under cross-strait integration

The development of tourism, especially outbound tourism from China, is regulated by The China National Tourism Administration (CNTA, 國家旅遊局), which merged into the Ministry of Culture as the Ministry of Culture and Tourism on 19 March 2018. The CNTA was directly subordinated to the State Council. However, in addition to regional branches in various provinces and overseas offices (China National Tourism Offices), it also developed its own enterprise called China International Travel Services Ltd, Head Office (CITS, 中國國際旅行社總社有限公司). Together with other tourist enterprises set by the party, other state-owned enterprises (SOEs) and big private enterprises spin off from SOEs, they formed an organization named China Tourism Association (中國旅遊協會) that is the main carrier for 'exporting' Chinese tourists. These seemingly normal civil organizations are, therefore, directly linked with the CNTA and its provincial branches which

hold the power of examination and approval. As a matter of fact, the State Council and the CCP behind directly control the flow of Chinese tourists.

This giant party-state owned conglomerate monopolizes the source of tourists and thus establishes a buyer's market by which, economically, Chinese tourist units can suppress the cost down to an incredibly low level and keep benefits in hand as possible and, politically, the CCP can turn tourism into an instrument to serve political goals by distributing the quota of tourists.

Before the reforms of 1979, the people of China basically had no travel abroad for tourism; after the reforms, domestic tourism was seen as a source of economic opportunity, and in 1983 only group tours to Hong Kong and Macao were allowed for the purpose of visiting relatives. Only in 2002 were the 'Measures for Managing Overseas Travel of Chinese Citizens' (中國公民出國旅遊管理辦法) implemented, with countries allowed for travel gradually widened in subsequent years. However, the second item of those measures explicitly stipulated that the Chinese State Department would determine which countries could be visited and what activities could be engaged in while abroad.

> Countries to which travel is allowed will be proposed by the State Council of the People's Republic of China, Travel Administration Department, (國務院旅遊行政部門) in coordination with related agencies of the State Council; and, after approval by the State Council, will be listed by the Travel Administration. No agency or individual shall organize travel for Chinese citizens to countries other than those listed.[2]

Article 6 further stipulates that, from the central government to the province, autonomous regions and directly-governed cities, the authorities can implement control of the number of persons going abroad in organized tours, and that the State Council holds the ultimate power in this.

> The State Council of the People's Republic of China, Travel Administration Department, will every year before the end of February determine the total number of people who will be allowed to travel abroad that year, based on their performance in number of inbound tourists for the whole country in the previous year, the situation in travel increases in the target countries, and the tendencies of developments in travel abroad; and the numbers allowed to travel abroad shall be transmitted down to the travel administration departments of provinces, autonomous regions, and directly-governed cities.
>
> The travel administration departments of provinces, autonomous regions, and directly-governed cities shall every year before the end of March distribute to each approved organization the determined number of persons allowed to travel abroad, based on the previous year's performance of each organization within the administrative region in terms of inbound tourists, operating capacities, and service quality, to be allocated according to principles of equality, fairness, and openness.[3]

In earlier days, inbound tourism was seen as an important source of foreign exchange, and so naturally outbound tourism was understood as a loss of foreign exchange. Therefore, the State Council had an important goal in their wider vision, which was to maintain a balance of foreign exchange in inbound and outbound tourism. The determinant for whether a travel agency could be allocated a quota for numbers of persons travelling abroad was their performance in inbound tourism in the past year. With this perspective, it is no wonder that the Chinese government would see allowing outbound tourism with an open number of tourists as a concession to the destination country. At the same time, this would extend to seeking the greatest return to the concession granted to the country in question, a strategy of using minimal 'tourist aid' to achieve equivalent political gain. This can be seen as the political logic behind the commercial mode of operation of the 'one dragon' tourism.

Given that the government determines what countries can be visited, what kind of activities can be undertaken and how many tourists can travel, and that this is coordinated with governmental political activities, then it is not hard for us to understand that outbound tourism, although a commercial activity of civil society, would constitute an extension of external politics under the operation of China's Leninist authoritarian system. For example, the opening of Chinese tourism to Southeast Asia, South Korea, Japan and Australia was used for establishing the China-ASEAN Free Trade Area (CAFTA) and for strengthening China's economic influence in the region of ASEAN+3. Opening Chinese tourism to Turkish scenic sites in 2000 was in exchange for allowing China's purchase of aircraft carriers from the Ukraine to pass smoothly through the Bosporus Straits. In 2004, China rejecting the final negotiations for a bilateral tourist agreement with Canada was in retaliation for the Canadian premier meeting with the Dalai Lama and refusing to extradite the businessman Lai Changxing, accused of corruption (Fan 2010).

This logic is also clearly demonstrated in China's policy of tourism to Taiwan. Because of the electronics company financial crisis of 2002, the DPP government of that time hoped to stimulate the Taiwan economy through the tourism promotion plan, and so it opened up allowing Chinese mainland tourists to visit Taiwan. Although this could reinforce the trade ties across the Taiwan Strait, the Chinese government was unwilling to give economic assistance to the independence-leaning DPP government. After the DPP won the presidency again in 2004, the Chinese government under Hu Jintao (胡錦濤) in March 2005 passed the anti-separatist law and in April invited the KMT party chairman and also failed presidential candidate Lien Chan to come to Beijing for the first talks between the CCP and KMT leaders since the civil war over 50 years before. Subsequently, Chinese policies for opening Chinese tourism to Taiwan were announced.

After the beginning of Ma Ying-jeou's term in 2008, all political cautions were discarded, and numbers of Chinese tourists rapidly escalated under the strategy of pursuing political goals through economic inducements. In order to legitimize

this rapid opening to its former political enemy, a KMT think tank at that time proclaimed:

> 'According to estimates of the Tourist Association, if Taiwan receives 3,000 mainland tourists a year, that would be one million a year, and if each stayed for seven to ten days and spent about NT$50,000 in Taiwan (not including the airplane ticket), then the Taiwan tourist industry would directly obtain a contribution of about NT$50 trillion. If the multiplier effects of these expenditures are added on, the Taiwan service industry is likely to benefit by at least double that.'[4]

That number would be about 0.8% of GDP.

That estimate of the Chinese tourism portion of GDP has been ballooning even till present. In 2015 a *China Times* editorial claimed that: 'In 2008 there were only 329,000, but in 2014 the number of Chinese tourists reached 3.987 million, an increase of over ten times. As for the economic effect, just counting the influx of funds from Chinese tour groups, a rough estimate is that it has brought in NT$474.5 billion in foreign exchange income, nearly 3% of GDP.'[5] The calculation that every Chinese tourist would take a tour around the island of seven or eight days, and each would spend on average as much as US$495.90 per day (at an exchange rate of 1 US$ = 30 NT$), is actually 1.88 times the official statistics. This obviously exaggerated propaganda shows the crucial role of CCP collaborators, i.e., those political forces in Taiwan in favor of unification with China, in cooperating with the Chinese tourism 'united front' campaign.

12.3 China's indirect influence: co-optation and mobilization of CCP collaborators in Taiwan's tourism sector

According to our interviews with those in the tourist industry in Taiwan, at the beginning in 2008, most of the Chinese visitors were from official civil service groups and investigative groups, flush with excitement for their first trip to Taiwan, and the tour group costs or even their purchasing of souvenirs was paid for from official sources. So their expenditures at first exceeded the original expectations. If this standard and level of expenditure had been replicated on a larger scale, it would have indeed been a gold mine of commercial opportunity. And in line with the preferences of the Ma government and the expectations of profits in the tourist industry, the numbers of Chinese tourists did in fact skyrocket. However, later developments were not as those in the Taiwan tourist industry had hoped. The main problem lay in the outcome of 'utilizing the commercial mode for the united front' as operated by the Leninist authoritarian state of the PRC.

In 1984, before the external contacts for the tourist industry were decentralized, the tourist industry of China was monopolized by three big organizations that were basically engaged in political goals in their work of receiving foreign visitors: China International Travel Service Head Office (中國國際旅行社總社), formerly an organ of the State Council; China Travel Service Head Office

(中國旅行社總社) (affiliated with the Overseas Chinese Travel Service 華僑服務旅行社); and China Youth Travel Service (中國青年旅行社) (under the Communist Youth League of China 中國共產主義青年團). After decentralization, aside from the original three big organizations, there were travel service departments formed under other party and state-operated enterprises, as well as a few under large enterprise conglomerates.[6] The industry for travel abroad was basically an extension of political moves, though taking on a commercial form, and it was an oligarchic market intentionally directed by the state. This does not mean that all Chinese tourism was political activity, but that, when needed, travel abroad could be used as a political tool of the state; and in the end commercial activity would never violate the political intent of the state.

In 1998, 'The Temporary Trial Measures for Chinese and Foreign Co-investment in Operating Travel Services' (中外合資經營旅行社試點暫行辦法) was passed, and this excluded foreign companies and Taiwan companies from operating travel services for Chinese citizens travelling to Hong Kong, Macao or Taiwan. In 2010, though still based on the Trial Measures, operations of travel services for Chinese domestic residents going abroad were gradually loosened to allow operations by foreign investors. However, Article 4 specifically stated that 'Chinese mainland residents travelling to the Taiwan region are excluded' from the liberalization.[7]

In 'The Measures for Management of Travel of Mainland Residents to the Taiwan Region', Article 2 states clearly: 'Mainland residents travelling to the Taiwan region for tourism must do so through travel organizations authorized for this purpose, and must do so in groups which go and return as a whole, and during the period in Taiwan the participants must remain in group activities.' In other words, Taiwan tourism is a forbidden area within a forbidden area—foreign capital and Taiwanese capital both cannot enter it, and this creates the monopoly of the few travel agencies authorized by Chinese officialdom. The contracting of local travel services, e.g., hotels and buses, is totally in the hands of the Chinese authorized agents. Three situations stem from this monopoly: First, in political terms, it allows the Chinese government to easily designate at what times and in what forms the allowed number of tourists will go to what countries; and also at what times and what forms the profits of the travel industry will be extracted—which provides the leverage to pressure the country in question and utilize it for political purposes.

Second, on the economic front, it allows a small number of Chinese organizations to control the distribution of allowed numbers of travelers and create a buyers' market, and through this depress the price of the tours, and even designate particular travel services, hotels and restaurants, tour bus companies and souvenir shops, to create the 'one dragon' operation and channel most of the profits back to the Chinese organizations. The channeling can be done through depression of prices, or through commissions or kickbacks demanded from the Taiwan services, e.g., hotels and restaurants and shops, through which the Chinese tourists are shepherded en masse. Third, in terms of social control, the 'one dragon' operation can keep the Chinese travelers going abroad within a set itinerary in which it is easy to manage them, and at the same time as much as possible limit their

contact with the local Taiwanese society, in order to uphold the continuing ideology and group thinking of Chinese society, especially on the issue of 'Taiwanese separatism'.

The outcome of this 'one dragon' operation for local Taiwanese tourist services contracted by the Chinese agencies was low or even zero profit rates under self-exploitative competition, such that profits could only be sought through commissions from the shopping locations where the tour buses stopped. According to the annual reports of Taiwan's Tourism Bureau (觀光局), 'Survey of Expenditures and Tendencies of Tourists Coming to Taiwan' (《來臺旅客消費及動向調查》), from 2009 to 2014 Chinese tourists averaged 2.30 million annually, and their average expenditures were US$256.80 per day. Comparing this with the previously most frequent visitors to Taiwan, the Japanese tourists, from 2009 to 2014 Japanese tourists averaged 1.04 million annually, and their average expenditures were US$352.60 per day. So it can be seen that Chinese tourists were mainly engaged in lower priced tourism, though they triumphed over the Japanese in terms of 'human wave warfare' (人海戰術). In contrast to the Japanese, the greater part of their expenditures was in purchasing goods. Moreover, their purchase of goods centered on jewelry and jade objects.`

According to the Taiwan magazine *The Journalist*, No. 1369, August 14, 2016, the chairman of Phoenix Tours, Chang Chin-ming (鳳凰旅遊董事長張金明), stated that the base cost for each Chinese tourist was about US$60 a day, but after subtracting the commissions of the Chinese tour group organizers, actually the Taiwan side only received about US$40, and some in the tourist business even accepted business at only US$15 to 20. However, according to Chang, 'There was one good point about accepting the Chinese tour groups, and that was that the source of tourists was steady. If the Chinese officials did not intentionally interfere, the number of Chinese tourists coming to Taiwan would be several thousand a day' (Lin, 2013).

About the same results were obtained by the analysis of Tsai Yu-shan (蔡俞姍) concerning the distribution of profits. The standard trip around the island is eight days and seven nights; food costs over this period are about NT$2,400 (NT$150 a meal in general), accommodation is NT$4,900 (three-star hotel, two persons per room, i.e., NT$700 per person per night); air ticket, tour bus, train and other transport expenses are NT$9,050; entrance tickets are about NT$1,150. With all this calculated together, the cost per person is NT$17,500, or about US$73 per day at the usual exchange rate of US$1 = NT$30. But under local competition, the amount received per person could be pressed as low as US$15–20 a person a day (Tsai 2013, pp. 42-45). In other words, about two-thirds of the expenditures of the tour group remained in the hands of the group organizers, while the Taiwan travel agencies lost on average NT$200,000 per tour group. Actually, many tour guides pay the local travel service in advance, and then hustled to squeeze commissions from the tour group's shop purchases in order to make up the difference. Sometimes they accept 10 tour groups and lose NT$200,000 each on nine of them, but then the 10th makes NT$5 million. So if the commission is say 60%, the net earnings for the whole 10 groups may be NT$1.2 million. This sets up a

situation in which the local travel agencies seem to be playing Russian roulette, and if some 'fat sheep' organization from some place in China is planning a tour, the local travel agents and tour guides will vie to catch it.

12.4 Counter-China influence mobilizations: backlash from Taiwan society

The pattern of Chinese tourism in Taiwan demonstrates how the Chinese government uses its monopoly on political power to channel tourists to Taiwan under its control, though with an outer appearance of market economy. It thus uses the least economic cost in its plan to exert the largest 'external' political effect. This commercial ploy has had several effects: First, the low tour fees directly lead to a degradation in the quality of service in the travel itinerary. The sarcastic description of these tours is, 'You get up earlier than the chickens, eat worse than the pigs, and run faster than a horse'. Moreover, disputes arise when the guides, trying to make ends meet through commissions, coerce tourists to buy more. Second, the Chinese tourists pay several times the value in buying at the shops on the tourist circuit, leading to harbored resentment, as in their saying, 'If you don't come to Taiwan, you will regret it for a lifetime; if you have come to Taiwan, you will regret it to the end of your life, too'.[8] Third, since the tour buses channel purchasing to a few shops, the spending by Chinese tourists does not actually benefit most local-owned shops around scenic locations. The few favored shops are often those that have been bought indirectly by Chinese investors; in fact, whole malls have been built by Chinese interests near tourist destinations. Fourth, the result of Chinese tourism is often an increase in problems with litter and traffic, conflicts arising from behavior and sanitary habits, and even the effect of squeezing out other tourists. These kinds of problems gradually tend to shrink local Taiwanese profits during the times when there is a crush of Chinese tourists.[9]

But this kind of pressure on Taiwan's tourist benefits from the China trade has still been reported in the media as an economic boost of 'nearly 3% of GDP'. In the realm of political machinations, what is experienced by local administrations such that they do not dare 'make China unhappy', is shaped in media to be pressure on the central government, supposedly stemming from 'a broad foundation of public opinion' for widening relations with China. This kind of political leverage and magnifier effect can only be obtained because of the presence of local collaborators who support China's goals.

The Rubiye Qadir flap is a case in point. The mayor of Kaohsiung, Chen Chu, decided to stand up against China's objections and screen a film in September 2009 reflecting Xinjiang's separatist aspirations, 'Ten Conditions of Love', a biography of Rubiye. In retaliation, the Chinese government blocked Chinese tourist groups from entering Kaohsiung City, and Taiwan elected officials at the central and local government level, as well as business organizations and hotel associations, immediately set off a volley of criticism against the Kaohsiung City government. In our interviews with Kaohsiung City officials, one high-level official of this 'green' (DPP) administration said, with a tone of exasperation, that the

pressure on Chen Chu came in two forms. One was that 'Certain persons in the tourist industry are the campaign fund sources for elected officials', and 'especially at the time of elections' they must transform their commercial interests into political pressure. Another form is that 'Souvenir shops, hotels, and other local businesses hire a lot of local people', and if one day they lose their jobs, that will create talk and a certain pressure among constituents.

Chinese tourism starts from what looks like commercial activity that is voluntary and of mutual benefit, and progressively grows to constitute a relationship of dependency—so that the cost for Taiwan to withdraw is higher and higher, and a return to the original condition is less and less likely. And the results of individual short-term profit-seeking gradually accumulate as collective long-term detriment. It seems as if the current free exchange under Taiwan's civil society will gradually shrink the future choices for Taiwan as a nation.

12.5 Conclusion: Taiwan's adjustment and new threat

After the Democratic Progressive Party again took the presidency in 2016, the Chinese government announced a freeze for all individual tourist permits to Taiwan. Tsai government promotes the increasing flow of tourists from Southeast Asia, Japan, Korea, Hong Kong and Macau and lowers the ratio of Chinese tourists to international inbound tourism from 40 percent to 24 percent. Such circumstances have forced China from its dominant position in Taiwanese tourism into a quaternity of five regions. However, with the COVID-19 pandemic taking a toll on Taiwanese tourism, Chinese-aided Taiwanese businesses have another opportunity to regain their foothold in Taiwanese tourism. The tug of war is ongoing.

Notes

1 A nostalgic view of the glory of Chinese civilization is contained within a sanitized account that has an opposite explanation for the historical expansion of China; this supposes that China peacefully established its tributary system of domination, not like the West that based its hegemony on military might. See, for example, Arrighi, *Adam Smith in Beijing*, 2007.
2 State Council of the Peoples' Republic of China, Measures for Managing Overseas Travel of Chinese Citizens (中國公民出國旅遊管理辦法), Article 2. http://www.cnta.gov.cn/zwgk/fgwj/xzfg/201506/t20150610_17563.shtml. Accessed on 2016-7-21.
3 Ibid, Article 6.
4 http://www.npf.org.tw/1/4186. Accessed on 2016/7/21.
5 http://www.chinatimes.com/newspapers/20150822001090-260310. Accessed on 2016/7/21.
6 Among these, the Beijing Taiwan Hostels International Travel Service (北京台灣會館國際旅行社) is even more directly operated by the United Front Work Department of the CPC Central Committee. (Tsai 2013)
7 http://www.cnta.gov.cn/zwgk/fgwj/bmfg/201506/t20150610_17588.shtml. Accessed on 2016/8/9.
8 Taiwan's Tourism Bureau publishes an annual Survey on Expenditures and Trends among Visitors Coming to Taiwan. In 2011, under Analysis of Travel Policies, it clearly stated, 'From market observation, travel agencies set their itineraries for

mainland tourists to have at most 5-6 shopping stops (43.25%), whereas shopping stops for other tourists are at most 3–4 times (54.56%). Most commonly mainland tourists are of the opinion that the prices at shopping stops arranged by the tourist agencies are "expensive" (47.62%). Strangely, after 2011 the survey did not provide separate categories for mainland Chinese tourists, and only described that most people found prices "realistic". But in 2014 the Survey then especially explained, "In 2014 mainland tourist groups in Taiwan spent on the average US$265.34 per person per day, an increase of only 0.34% over 2013. In the details of expenditure, aside from purchasing of objects growing by 6.96%, all other categories decreased slightly. And among the objects of purchase, the proportion spent on jewelry and jade showed a trend toward decrease (30% in 2014, down from 35% in 2013), while money spent on other types of purchases all increased, demonstrating the positive effect that the Tourist Bureau's measures for promoting quality had moved the related tourist industries towards generating benefits that fall equally on all.' This official statement indirectly confirms the high prices and high proportion spent by mainland tourists on trinkets, as well as the problem of the concentration of the shopping in a small number of hands.

9 Finally recognizing the Taiwan reaction against unequal profits, the Chinese side began to respond with offering high-end tours to Taiwan. On 27 May 2015, the Wuxi China Travel Service rolled out promotion of the 'exclusive deluxe VIP Taiwan group tour'. The Taiwan Tourism Bureau especially assisted in pointing out that the high-end tour mainland organizers must pay in full before setting out and present bank certification of this, and the receiving Taiwan travel services must also present an affidavit that the funds have been received. 'Moreover, there are no designated shopping stops on the tour, and the participants can go to any particular kind of shopping mall or department store as they wish, to purchase freely and show their high purchasing capacity.' This report actually verifies the previous negative reports on low tour quality and high commissions extracted at the tour shopping stops. Ed. Lee Yuan. Epoch Times 2015-05-29 epochtimes.com/b5/15/5/28/n4445249.htm. Accessed on 2018/02/28. (李緣〈陸客高端團首發2團來臺暢遊寶島〉)

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13 China's influence on Taiwan's media

A model of transnational diffusion of Chinese censorship[1]

Jaw-Nian Huang

Accompanying the trend of China's economic rise, concerns have been growing in international society about the potential impacts of China's authoritarian regime on human rights and democracy around the world. Its impact on the media's liberal practices is one of the issues attracting the most attention. In this regard, the Taiwanese experience warrants attention. Despite two-decade improvements in the post-democratization era, Taiwan's media freedom seems to have been eroding from the late 2000s until today (see Figure 13.1) (Reporters Without Borders, 2020a), after Taiwan gradually deepened its economic ties with China since the 1990s. This phenomenon motivated this chapter's main inquiry: How did China extend its influence, if any, on the extra-jurisdictional media in Taiwan? After probing into this issue, this chapter will also explore how Taiwan responded to Beijing-induced media control.

Existing literature offers a sufficiently detailed analysis of China's influence on Taiwanese media (Cook, 2013; Hsu, 2014; Kawakami, 2017; Huang, 2017); however, these studies rarely suggest a theory systematizing the mechanisms by which Beijing exerts its influence on other countries' media. From the perspective of the 'ladder of abstraction' (Sartori, 1970), the mechanisms identified by these studies remain largely factual, incapable of transferring to other countries, and thus require further abstraction to the level of theory. To fill this gap, this chapter proposes a theoretical framework of the 'transnational diffusion of Chinese Censorship' to systematize the mechanisms through which the Chinese government extends its authoritarian influence on the extra-jurisdictional media.

This theoretical framework is constructed by integrating Kurlantzick and Link's model of the 'commercialization of censorship' (Link, 2002; Kurlantzick and Link, 2009) with Wu Jieh-min's model of the 'China factor' (2016). It involves three steps corresponding with three levels of analysis, by which the Chinese government 'outsources' its censorship to private media companies abroad (see Figure 13.2). The first step is to create an asymmetric economic structure at the international level, making the target country economically dependent on China as a rising regional hegemon. The second step is to co-opt media capitalists at the sectoral level to become CCP collaborators in the target country, by offering them financial interests in the Chinese circulation, advertising and capital markets. The third step is to implement and routinize external-oriented self-censorship at the

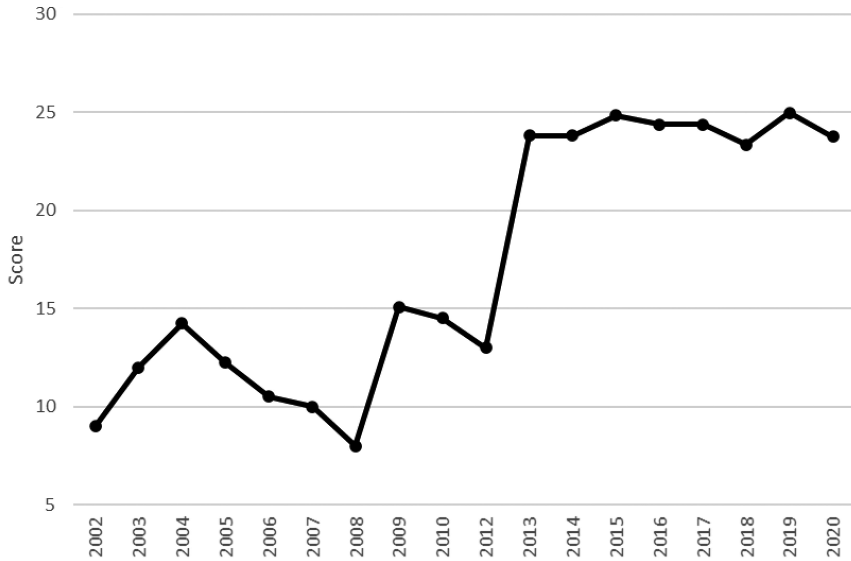

Figure 13.1 Taiwan's press freedom index

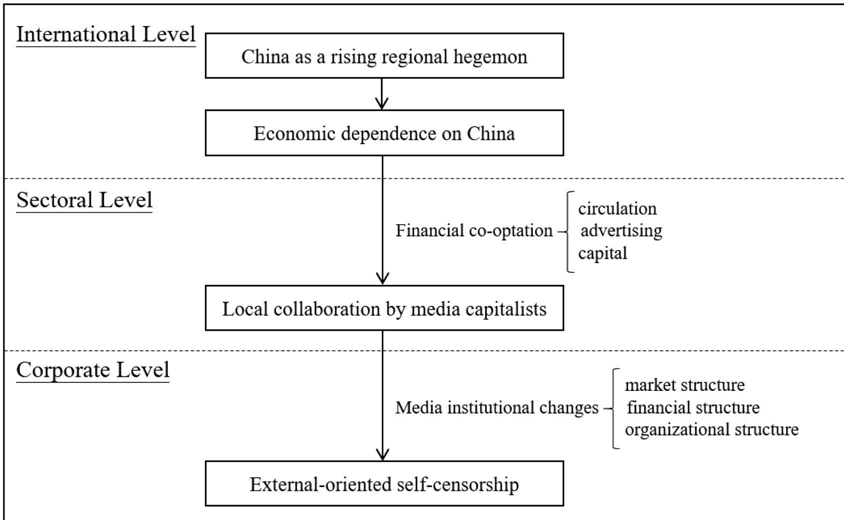

Figure 13.2 A theoretical framework of the transnational diffusion of Chinese censorship

corporate level, by accommodating the corporate and market structures of the target country's media to Beijing's mass communication policies.

Based on this framework, this chapter argues that a media company outside China will exercise self-censorship on Chinese-sensitive topics when its country becomes economically dependent on China and when it becomes commercially tied with the Chinese market. To examine this theory, a process-tracing case study will be conducted on Taiwan's experiences. Applying purposive and quota sampling, the Want Want-China Times Media Group, the *United Daily News* (*UDN*), Sanlih E-Television (SET) and Formosa Television (FTV) were selected as principal subjects of study, as the former two and the latter two respectively represent pro-Chinese unification and pro-Taiwanese identity media in Taiwan. Archives, secondary literature and semi-structured interviews with Taiwanese journalists are the main sources of research data.

13.1 China's direct influence: inducements and dereferences from CCP-state apparatuses in Taiwan's media

From no later than the 2000s, Taiwan has become increasingly economically dependent on China. Taiwan signed a series of free trade agreements (FTAs) with five Latin American diplomatic allies (Panama, Nicaragua, El Salvador, Honduras and Guatemala) in the 2000s, with China in 2010, with New Zealand in 2013 and with Singapore in 2013. Taiwan also signed an investment agreement with Japan in 2011 and continued negotiating with the United States (US) over the Trade and Investment Framework Agreement. Among these countries, China developed the strongest economic influences on Taiwan, replacing the US and Japan as Taiwan's largest trade partner from 2005 until the present. For instance, China was responsible for 22.67% of Taiwan's total trade in 2015, while the US and Japan respectively accounted for 11.92% and 11.39%, and Singapore, New Zealand and the five Latin American diplomatic allies represented only 4.79%, 0.25%, and 0.16%, respectively (The Taiwan Bureau of Foreign Trade, 2016). China also replaced the US as Taiwan's largest export market in 2004. As Figure 13.3 shows, in 2000, the US accounted for 23.42% of Taiwanese annual exports, whereas China was only responsible for 2.89%. However, as Taiwanese annual exports to the US dropped to respectively represent 14.67%, 11.46% and 12.21% of total Taiwanese annual exports in 2005, 2010 and 2015, Taiwanese annual exports to China rapidly rose to 21.99%, 28.02% and 25.40% of the total correspondingly (Taiwan Economic Data Center, 2020). China has served as Taiwan's main source of a trade surplus. In terms of capital, Taiwan's relationship with China increasingly intensified. To illustrate, since the Taiwanese government lifted its restriction on Taiwanese investment in China in 1991, China has gradually become the most popular location for Taiwanese people to invest. As Figure 13.4 shows, Taiwanese investments in China rose since 1991 and even surpassed all the Taiwanese outward investments in other foreign countries from 2002 to 2015. Similarly, after the Taiwanese government incrementally loosened its restrictions on Chinese

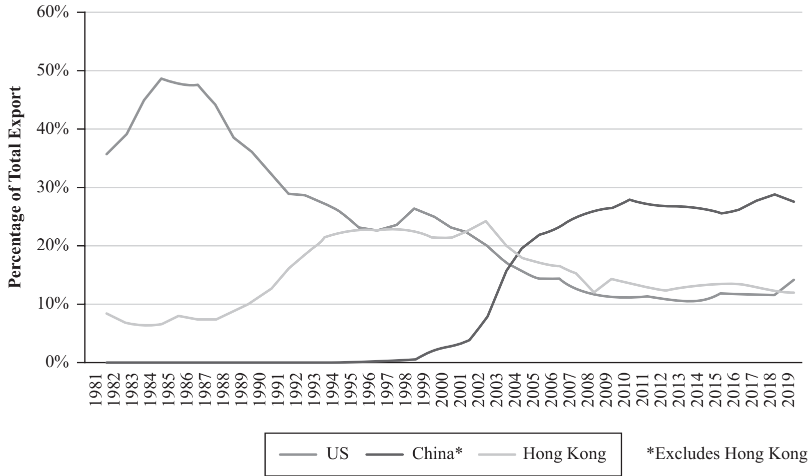

Figure 13.3 Percentage of Taiwan's total export volume, 1981–2019

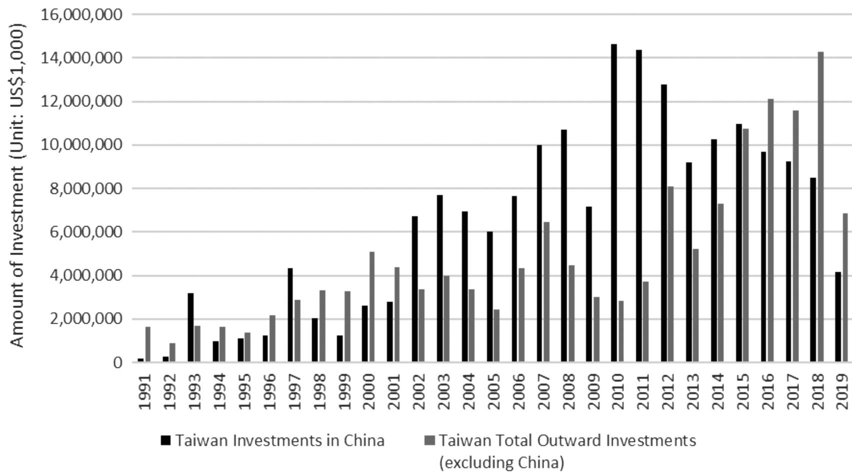

Figure 13.4 Taiwan outward investments, 1991–2019

investments in certain Taiwanese industries, starting from 2009, increasing direct investment flows from China to Taiwan have appeared (The Taiwan Investment Commission, 2020).

China was eager to reinforce this structure of economic dependence by incorporating Taiwan into its international economic order. As a rising regional hegemon, China has sought to counter American hegemony to establish an alternative world order since the 2000s. In 2003, the phrase 'peaceful rise' was

proposed by the Chinese government to describe its national development blueprint for the 21st century. The government later replaced 'rise' with 'development" in 2004, to soften the perception that China would threaten the established world order. However, 'peaceful development' was understood as China's new national development strategy, which sought to internally establish a series of Chinese-style 'harmonious' political, economic and social institutions, and externally establish an alternative world order by challenging the US for the hegemonic position. Regarding regional economic order, China did not embrace the prospect of open-regionalism advocated by the US and other Asia-Pacific developed countries, involving strengthening cooperation between East Asia and other regions and realizing financial and trade liberalization. Instead, China undertook to promote another version of regionalism in which the East Asian states cooperated with one another to confront the US-led open-regionalism and globalization (Shiau, 2004). As part of the Chinese Communist Party's (CCP) unification strategy towards Taiwan, Beijing has also long-attempted to 'promote unification by economic means', though it never abandoned the possibility of unifying Taiwan by force. Therefore, to isolate Taiwan from international connections and absorb Taiwan into its international economic order, China kept Taiwan away from signing FTAs with Taiwan's important trading partners throughout the 2000s, and encouraged Taiwan to sign the Economic Cooperation Framework Agreement (ECFA) with itself in 2010 by surrendering part of its own profits (Tung, 2011).

In correspondence with the asymmetric economic structure, an asymmetric information structure was also created across the Taiwan Strait. To strengthen China's media warfare against Taiwan, former Chinese President Hu Jintao announced 'Entering the Island, Entering the Household, and Entering the Mind' as a new principle of the CCP's unification propaganda towards Taiwan at the Central People's Broadcasting Station's 50th anniversary of its first broadcast to Taiwan on 12 August 2004. For this purpose, Beijing endeavored to exert three direct influences on the media in Taiwan. First, the Chinese government narrowed Taiwanese media's access to international institutions and events. In recent years, Taiwanese journalists were denied access to the United Nations' and its affiliated institutions' activities under Chinese pressure. According to China's State Council Taiwan Affairs Office, the fundamental reason why Taiwan was not invited to the World Health Assemblies in 2017 and 2018 was the refusal of Taiwan's ruling Democratic Progressive Party (DPP) to recognize the '1992 consensus' (Central News Agency, 2018a). As Reporters Without Borders remarked, 'over the past years, China has been lobbying in every possible way to isolate Taiwan on the international stage, including preventing its journalists from doing their job' (2018). Even during the 2019–2020 coronavirus pandemic, the 'WHO [World Health Organization]—under pressure from China— continues to bar Taiwanese media outlets and reporters from its events and press conferences' (Reporters Without Borders, 2020b).

Second, Chinese authorities also strived to create communication networks with Taiwanese media organizations and officials in order to adapt Taiwanese media to the rules of the game in the Chinese media sector. From 2009 to 2017, Chinese

official media groups, such as the Fujian Daily Press Group and the China Central Television (CCTV) Station, co-organized ‘Cross-Strait Media Summits’ with Taiwanese media firms, such as the Want Want-China Times Media Group and the UDN Group, almost every year. Many mainstream media outlets in Taiwan, such as Television Broadcasts Satellite (TVBS), Eastern Broadcasting Co, Ltd (EBC), Business Weekly and the Journalist, sent delegates to participate regularly. Even the Taiwanese government-owned Central News Agency and some pro-Taiwanese identity media firms, such as SET, Formosa E-paper and GreenPeace Broadcasting Station, occasionally sent representatives to attend in 2009, 2011, 2013 and 2014 (Yang, 2014). In the summits, participants not only discussed themes oriented to Chinese culture and nationalism, but also signed joint statements/initiatives that posit cross-strait media a normative role to raise the ‘peaceful development of cross-strait relations’, the ‘soft power of Chinese culture’, the ‘discourse power of Chinese-language media’ and the ‘fundamental interests of the Chinese nation’ (Huang, 2019a). Though the Cross-Strait Media Summit broke off since 2018, similar media forums are still held frequently even now.

Third, Beijing moreover attempted to launch disinformation campaigns to disturb the functioning of mass media and public opinion in Taiwan. In 2014, the CCP founded a ‘Central Leading Group for Cybersecurity and Informatization’ with President Xi Jinping himself serving as the leader to formulate and implement internet-related policies. In 2015, China’s People’s Liberation Army (PLA) also established a ‘Strategic Support Force’ to operate space, cyberspace and electronic warfare. In recent years, it has been reported that the CCP’s Central Leading Group for Cybersecurity and Informatization and its Publicity Department have jointly formed a ‘Taiwan Affairs Task Force’ to develop guidelines for disinformation campaigns towards Taiwan (Central News Agency, 2018b). It was also believed that the PLA’s Strategic Support Force has started to serve as the managers of some ‘content farms’ in China and systematically activate disinformation campaigns towards Taiwan (Central News Agency, 2018c). Generally speaking, false information produced by official media or content farms in China was disseminated from China to Taiwan by journalists, cyber armies or common people for commercial, political or emotional reasons via media outlets or social media in Taiwan, which weakened the Taiwanese media’s capacity for offering credible information and Taiwanese people’s capacity for forming authentic public opinion. For example, the CCP-owned *Global Times* released several pieces of news and editorials starting on 12 April 2018 which indicated that a non-routine large-scale live-fire military exercise was about to be held in the7 Taiwan Strait on 18 April as a response to the claim of Taiwan’s Prime Minister Lai Ching-te to be a ‘Taiwan independence activist’ (Global Times, 2018a; 2018b). Mainstream media in Taiwan then followed up with a series of relevant news reports during the period; some of them even sent reporters to the scene of the exercise (i.e., Quanzhou, China) for on-the-spot interviews (TVBS News, 2018), which resulted in people’s concerns about cross-Strait instability and accordingly a decline in stock prices in Taiwan on 17 April. However, it was confirmed afterward that the so-called exercise was just a routine small-scale artillery training geographically limited to the offshore area of

Quanzhou, China (Central News Agency, 2018d). Such disinformation prevailed during Taiwan's 2018 local campaigns and 2020 presidential campaign, undermining both freedom of the press and democracy in Taiwan (Huang, 2019b).

13.2 China's indirect influence: co-optation and mobilization of CCP collaborators in Taiwan's media

Alongside Taiwan's increasing economic dependence on China, Taiwanese media companies became increasingly commercially tied with the Chinese market from the 2000s. In the mid-2000s, 38.4% of Taiwanese media companies had expanded their businesses overseas and over 90% were doing business in China. While overseas business represented on average 34% of a media company's total business volume, the business in China accounted for 40% of the total overseas business volume. China was, thus, the most important overseas market (Chen, 2006). Since the late 2000s, Taiwanese media companies moreover craved financial resources from China to improve their finances. This was because advertising revenues from Taiwanese private enterprises declined due to the 2008 financial crisis, compounded by lost revenues following the prohibition of government-sponsored embedded marketing in 2011 (Chung, 2012).

In these circumstances, the Chinese government had more opportunities to incorporate Taiwanese media companies as instruments for its hegemonic and unification propaganda towards Taiwan, by either offering financial resources in the Chinese circulation, advertising, and capital markets, or threatening to deny access to the profitable Chinese market. As an authoritarian regime with strict media censorship, the Chinese government is devoted to preventing its domestic media from covering certain forbidden topics (such as the Tiananmen Incident, Taiwan independence, Tibetan or Xinjiang autonomy and Falun Gong), and it also endeavors to guide editors and journalists to express views the government favors (such as those stimulating people's identification with the CCP, patriotism and animosity against external threats) (Kurlantzick and Link, 2009). To ensure their corporate interests in China, many Taiwanese media companies, regardless of their positions on the unification-independence issue, started to cooperate with Beijing's mass communication policies by adjusting their news editing principles according to 'hidden rules' (Huang and Lu, 2014; Huang and Feng, 2014) favoring the Chinese authorities. Generally, Taiwanese media were discouraged from presenting some sensitive issues that might annoy the Chinese authorities (consistent with the aforementioned forbidden topics for China's media). Instead, Taiwanese media were encouraged to promote perspectives propagandized by the Chinese government, such as social harmony, cross-strait exchange, mutual understanding and peaceful development (Huang and Ho, 2014; Huang and Hu, 2014.).

13.2.1 Circulation

Given China's huge circulation market of 1.3 billion people, many Taiwanese media companies sought to establish offices, circulate newspapers, broadcast TV

programs and reveal websites there to earn more subscriptions, copyright fees and advertising revenues (Huang and Lee, 2014; Huang and Chen, 2014). However, the Chinese government explicitly or implicitly required these companies to conform to Chinese censorship not only in China but also in Taiwan in exchange for circulation revenues and subsequent advertising incomes from China. This applied to both print and electronic media.

For instance, the two traditional newspapers in Taiwan, *China Times* and *UDN*, have strived to distribute their newspapers in China since the 1990s. *UDN* even won the special right to directly print and distribute its newspapers in Dongguan, China since 1 April 2006 (China Times, 2012a). For such privileges to be granted by China's State Council Taiwan Affairs Office, both newspapers had to prevent their news reports and commentaries from annoying Chinese authorities. *UDN* even frequently carried embedded advertisements for Chinese local governments in its mainland edition (China Times, 2012b). Despite these privileges, the circulation of both newspapers in China was still restricted to certain regions, organizations and people, such as Taiwanese enterprises, foreign businesses, five-star hotels and academic institutions for Taiwan studies (Huang and Su, 2014).

Regarding television media, there are several examples. According to Hu Yuan-Hui (former General Manager of the Taiwan Television Enterprise (TTV)), the TTV planned to establish new offices in Beijing and other cities in China in 2001. However, the Chinese government passed a clear message to TTV's management via a TTV reporter: no permit for the new offices would be issued until broadcasting of a TTV program about Falun Gong was halted. The permit's issuance was continually delayed while the Falun Gong program was broadcast; it was only issued when the program was terminated as originally scheduled by TTV (Huang and Hu, 2014). Due to this incident, most Taiwanese media planning to enter the Chinese market became reluctant to produce news reports and TV programs about Falun Gong.

Even pro-Taiwanese identity television companies, such as FTV and SET, once strived to sell the copyrights of their TV programs and dramas to China for additional financial incomes from the late 2000s until the mid-2010s. In particular, FTV sought cooperation with CCTV to have some Taiwanese-language soap operas dubbed into Mandarin Chinese and broadcasted in China. Probably to smooth such business transaction, FTV tended to avoid broadcasting TV programs on Chinese-sensitive topics (Huang and Anonymous, 2014a). For instance, as the founder of FTV and a member of the DPP Central Standing Committee, Chai Trong-rong declined a mid-2009 proposal in the DPP Central Standing Committee for FTV to purchase and broadcast the film 'The Ten Conditions of Love', a documentary about Rebiya Kadeer, the Xinjiang independence movement's spiritual leader (Hsu, 2014).

Similarly, SET strived to broadcast their TV dramas in China after 2008. Its President Chang Jung-hua even replaced the term 'Taiwanese drama' with the SET-created term 'Chinese drama' in December 2011 to facilitate SET's business in China. However, China's National Broadcasting Headquarters hinted that SET should axe 'Big Talk News', a high-rating, pro-Taiwanese identity, anti-Beijing

political talk show in Taiwan, to smoothen its business in China. Consequently, Big Talk News was finally cancelled in May 2012, under pressure from the Chines authorities (Sun, 2012; Chung, 2012).

A similar phenomenon struck internet media. According to a media survey conducted from 12 January to 1 April 2015, the amount of the Taiwanese media's web content blocked in China basically mirrored the level of the media's friendliness/animosity towards Beijing. For instance, while the websites of the pro-Taiwanese entity *Liberty Times* and the anti-Communist *Apple Daily* were respectively 95% and 92% blocked in China, those of the pro-Chinese unification newspapers *UDN* and *China Times* were respectively 67% and 0% blocked (The UDN New Media Lab, 2015). Taiwanese media seemingly needed to avoid using Chinese-sensitive keywords in cyber space to ensure a high level of traffic flow in China and accompanying advertising revenues (Huang and Lee, 2014).

13.2.2 Advertising

The Chinese government also incorporated Taiwanese media companies into the advertising market. From the late 2000s, China's State Council Taiwan Affairs Office and provincial/municipal governments became eager to provide Taiwanese media with embedded advertisements promoting Chinese business and tourism (Huang and Ni, 2014; Huang and Ho, 2014), treating the recipients as their propaganda channels in Taiwan. Though such advertisements were illegal in Taiwan, according to Taiwan's Control Yuan (2010), *China Times* and *UDN* still accepted financial resources from Chinese provincial/municipal governments and carried numerous embedded advertisements regarding tourism promotion.

The Want Want Group even established the Want Want-China Times Cultural Media agency in Beijing to subcontract advertising packages from Chinese authorities to other media firms in Taiwan. As NewTalk reveals, when the Governor of China's Fujian Province visited Taiwan in March 2012, the Want Want-China Times Media Group cooperated with the propaganda plan of the Fujian Provincial Government and the Amoy Municipal Government, receiving money from both via Want Want-China Times Cultural Media in Beijing, then carrying a series of relevant embedded news in the *China Times* and its affiliated newspapers throughout the governor's Taiwan visit (Lin, 2012).

13.2.3 Capital

The Chinese government also incorporated Taiwanese media companies in the capital market. In particular, it has sought to purchase ownership of Taiwanese media outlets with official financial sponsorship. As Boxun revealed in its late-2010 investigation reports (2010), China's State Council Taiwan Affairs Office has prepared a huge amount of capital, at least 300 million USD, with a clearly identified purpose of purchasing stock in some Taiwanese media companies, such as the TVBS channels and the UDN Group's affiliated institutions. However, it is

suspected that this vast sum was finally diverted and transferred to Taiwan, Hong Kong and other countries before 2007.

The Chinese government also encouraged some Taiwanese capitalists basing business interests in China to purchase ownership of Taiwanese media companies. Taiwanese capitalists had incentives to do so, not because they wanted to earn money from media businesses themselves, but because they considered buying Taiwanese media as a strategy to increase their political leverage for receiving privileged favors from Chinese authorities (Huang and Chen, 2014; Huang and Su, 2014). Take the Want Want Group, for example. Beginning with manufacturing and selling rice crackers in Taiwan, the Group started to expand its food business to the Chinese market from 1989, subsequently becoming the largest manufacturer of rice cakes and flavored milk in China, and investing in hotels, hospitals, insurance and real estate there. Unexpectedly, Want Want suddenly purchased *China Times* in 2008 and further merged with China Television (CTV) and Chung Tien Television (CtiTV) in 2009. In an interview, Tsai Eng-meng, chair of the Want Want Group, denied being the agent sent by Beijing to purchase the China Times Group, but he admitted knowledge that China's State Council Taiwan Affairs Office had tried to commission agents to do so (Tien, 2009). However, according to a senior Taiwanese government official, China's Taiwan Affairs Office actually cooperated with a senior Kuomintang (KMT) leader to convince Tsai to purchase the group under the direction of the CCP's Publicity Department, to prevent its acquisition by the anti-communist Next Media Group (Hsu, 2014). After purchasing *China Times* in November 2008, Tsai immediately met with Wang Yi, head of China's State Council Taiwan Affairs Office, in December 2008. There, Tsai expressed to Wang that one of his goals in merging with the China Times Group was to 'advance the further development of cross-strait relations with the power of the media'; Wang replied that the Taiwan Affairs Office would support the Want Want Group's food and media businesses uncompromisingly (Lin, 2009).

After the merger, the Want Want Group's Chinese subsidiary company, Want Want China Holdings Ltd, received much more subsidies than before from the Chinese government (Nikkei Asian Review, 2019). The Group also strived for special benefits from Chinese authorities through its media influence. For example, when the Chinese State Council issued the Number 62 Document in November 2014, which aimed to cancel and recover all tax preferences offered by local governments to foreign investors without the central government's prior approval, Want Want cooperated with Taiwan's six major industrial and commercial associations, Taiwanese businesses associations in China, and the Taiwanese government-sponsored Straits Exchange Foundation to request reservation of, or at least compensation for, the tax preferences previously approved to Taiwanese businesses. In particular, the group held forums for Taiwanese businesses during April 2015 and produced extensive relevant coverage via its print and electronic media. In response, the Chinese State Council decided to restore all the favors local governments had already offered and already agreed to offer to Taiwanese businesses in May 2015.

Probably encouraged by Tsai Eng-meng's experience, some other Taiwanese capitalists basing business interests in China also sought to engage in the Taiwanese media sector. For instance, Wang Cher, president of the High-Tech Computer Corporation (HTC), a mobile phone company mostly basing its manufacturing and sales in China, purchased a considerable percentage of the stocks of the TVBS Media Group in June 2011 and then gained full control over the group in January 2015. Other examples include: the Want Want Group further proposed acquiring the China Network Systems in 2011; Tsai Eng-meng attempted to cooperate with two other Taiwanese capitalists to purchase Next TV in 2012–2013; the Ting Hsin Group, the largest instant noodle producer in China, intended to acquire the China Network Systems in 2014; even foreign entrepreneurs, such as Dan Mintz – the head of US-based DMG Entertainment and DMG Yinji, which he founded with two Chinese nationals in China – proposed acquiring EBC in 2015. However, all these four cases ultimately did not come off due to concerns from civil society groups and regulators over the potentially negative impact of allowing mainland control (Huang, 2019c).

13.2.4 Routinizing external-oriented self-censorship in Taiwan

Embedded in the Chinese circulation, advertising and capital markets, many Taiwanese media companies, regardless of their positions on the unification-independence issue, had incentives to accommodate their corporate and market structures to Beijing's rules on mass communication. Such structural changes, in turn, facilitated and routinized Taiwanese media's self-censorship and subsequent news biases favoring Chinese authorities.

Regarding financial structure, many Taiwanese media companies relied increasingly on their financial resources in China, especially after the key aforementioned developments in 2008 and 2011. FTV and SET, among others, strived for opportunities to sell copyrights and broadcast TV programs in the Chinese market. Conversely, the Want Want-China Times Media Group and *UDN*, for example, received subscriptions, advertising fees and some other special benefits from Chinese authorities. The Want Want Group even accepted subsidies from the Chinese government.

Regarding organizational structure, the editorial department was increasingly pressed to cooperate with the media owner, business department or programming department, with editorial independence partly restrained and self-censorship exercised regarding Chinese-sensitive topics to ensure the continuation of financial resources coming from China. In the Want Want-China Times Media Group, the staffs and businesses devoted to cross-strait affairs at *China Times* were moved from the political division to the mainland center within two years of the 2008 merger, as news reports about China and cross-strait relations came under direct control of the new owner and high-level managers (Huang and Huang, 2014). In addition, a new newspaper named the *Want Daily* was also established by the Group in August 2009, aiming to focus on providing Chinese

and cross-strait information, and improving mutual understanding between China and Taiwan.

In the news editing process, two patterns of self-censorship appeared. First, top-down, in which the owner explicitly or implicitly delivered his ideas about news editing and reporting to the chief editor, the chief editorial writers, and other high-level managers through weekly executive meetings or other informal communications. Second, bottom-up, in which reporters and editors tried to discern the owner's ideas themselves and then slanted news and opinion content to cater to the owner. Initially, the functioning of either pattern was largely based on the owner holding the highest power to decide on employee retention and promotion (Huang and Ni, 2014; Huang and Wang, 2014). However, through a daily process of socialization in the corporate hierarchy, such self-censorship became a culture that reporters and editors grew accustomed to, took for granted, and, finally, complied with naturally (Kawakami, 2017).

With these corporate structures adjusted, the media content of many Taiwanese news organizations was partially slanted in favor of Chinese authorities. Such news biases occurred especially in media firms already embedded in the Chinese market, rather than those not yet there. For instance, *China Times* and *UDN* tended to employ a more detailed, positive approach to reporting news about Chinese leaders and their visits to Taiwan, compared to the two other major newspapers (Chang, 2011). When covering the Xinjiang conflicts, *China Times* and *UDN* also tended to reply exclusively on Chinese official news sources and thus conform to the 'China official frame', compared to their two major rivals in Taiwan (Chang, 2015). The situation was even worse on the opinion pages. *China Times's* opinion pages, traditionally regarded as a liberal sphere for public discussion, is now considered a 'mouthpiece of the Chinese government', which increasingly clearly promoted China's official viewpoints, defended Beijing's and its incumbents' images and even refuted the Taiwanese majority's perspectives (Huang and Tsai, 2014; Huang and Wang, 2014).

A similar phenomenon occurred in the pro-Taiwanese identity media. According to an SET senior news editor, the SET management established an implicate principle of news reporting in its News Department in 2008 to reduce reports about the Tiananmen Incident, Tibet independence and Falun Gong, as a response to Beijing's warning to refuse the broadcasting of its drama in China (Huang and Anonymous, 2014b). Consequently, SET did present fewer pieces of news on Tiananmen from 2010 to 2014 (Hung, Yang and Chen, 2014).

Concerning market structure, pro-Beijing capitalists' expansion in media ownership reinforced the trend of media conglomeration and cross-media convergence in Taiwan. In particular, the Want Want Group further proposed to acquire the China Network Systems in 2011, after its merger with *China Times*, CTV, and CtiTV in 2008–2009. Though this proposal was finally rejected by Taiwan's National Communications Commission (NCC) in 2013, the group still successfully grew into a cross-media conglomerate. Such merger and acquisition actions were considered by many as a threat to the diversity of news and opinions offered to the Taiwanese public (Lin et al., 2012).

13.3 Counter-China influence mobilizations: resistances from Taiwan's government and civil society

Confronted with China's interference in Taiwan's media, both the government and civil society in Taiwan took action to moderate the impact at latest since 2010. Prior to 2016, civil society played a more pioneering role than the government, as social movements occasionally tacitly cooperated with the opposition DPP to press the ruling KMT for policy changes regarding China's influence. Two social movements and subsequent government responses were especially worth attention. The first was the *Anti-Media Monopoly Movement*. It was organized by the academia, civic groups, student organizations and the Association of Taiwan Journalists from July 2012 to January 2013 with an aim of opposing the proposal of the Want Want-China Times Media Group to merge with the China Network systems. As a response, the NCC eventually decided not to approve the merger proposal in February 2013. Also, it immediately raised anti-media monopoly legislation in April 2013 which, however, remains in progress at present. The second social movement of importance was the *Sunflower Movement*. It was organized by a coalition of multiple student and civic groups, inherited to a degree from the Anti-Media Monopoly Movement, in March and April 2014 to protest against the quick passing of the Cross-Strait Service Trade Agreement (CSSTA) by the ruling KMT at the legislature without a clause-by-clause review. Part of the concern that the agreement raised lay in the exposure of Taiwan's freedom of speech, expression and the press to China's intervention due to its openness of Taiwan's printing, circulation, retail and advertising sectors to Chinese investments (Lin et al., 2014). As a response, the government postponed the legislative review of the trade pact since April 2014, waiting for the passing of the legislation that monitors all cross-strait agreements. Compared to civil society, the government and political parties tended to play a larger role in resisting China's impact after 2016, as social movements leaders founded new political parties (i.e., the New Power Party and the Social Democratic Party) in 2015; the New Power Party succeeded in gaining legislative seats in 2016; and the DPP took power from the KMT in 2016.

In correspondence to the three steps that Beijing extended its influence on Taiwan's media, all the efforts that the Taiwanese government and civil society made to counter Beijing-induced media control could be synthesized at the international, sectoral, and corporate levels. At the *international* level, Taiwan sought to reduce its economic dependence on China. For instance, the Sunflower Movement kept Taiwan away from being further economically integrated with China by hindering the CSSTA from being carried out in 2014, after the KMT administration signed the ECFA with China in 2010 and deepened cross-Strait economic relationships for nearly six years. Moreover, the DPP administration managed to diversify Taiwan's trading partners and investment targets by implementing the New Southbound Policy after the alternation of the ruling party in May 2016. The policy aimed at enhancing economic cooperation and exchanges between Taiwan and 18 countries in Southeast Asia, South Asia and Australasia.

From 2016 to 2019, Taiwanese exports to China remained 26–29% of Taiwan's total export (Taiwan Economic Data Center, 2020). However, Taiwanese investments in China, which exceeded Taiwan's total investments in other countries from 2002 to 2015, have steadily declined to become smaller than all the other Taiwanese outward investments from 2016 to 2019 (see Figure 13.4). In contrast, Taiwan's investment cases in the 18 New Southbound countries rose 2.6 times from 2015 to 2019, reaching an amount of 2.8 billion USD and 40.7% of Taiwan's total investments in foreign countries in 2019 (The Taiwan Investment Commission, 2020).

At the *sectoral* level, Taiwan sought to keep Taiwanese media companies from being overly incorporated into the Chinese circulation, advertising and capital markets. Specifically, the government and civil society strived to avoid financial co-optation suspected to be steered by Beijing and its local collaborators in Taiwan. For instance, the Anti-Media Monopoly Movement urged the NCC to disapprove the Want Want-China Times Media Group's plan to take over the China Network Systems, discoursing the Group from further expanding in the Taiwanese media market. The Sunflower Movement also pressed the government to postpone the CSSTA that intended to open Taiwan's printing, circulation, retail and advertising industries to Chinese investors, protecting Taiwan's freedom of speech, expression and the press from potential interference of Beijing. To respond to civil society, the government not only has started to examine media investments and mergers more carefully, but it also sought to build an institution capable of managing investments in the media, preventing media monopoly, and promoting press freedom. In particular, the NCC proposed several drafts of the *Media Monopoly Prevention and Diversity Protection Act* since 2013. Take the 2019 version, for example. Several measures were designed to avoid immoderate control over Taiwan's media by influential investors at home or those from abroad, including (1) preventing financial and insurance enterprises from overly investing in media businesses, (2) imposing restrictions on concentration of media ownership and cross-media convergence and (3) requiring the NCC to consult related agencies when investors or their financial sources are suspected to involve any affairs regarding China, Hong Kong and Macau, or threaten national security and financial order (The Taiwan National Communications Commission, 2019). In addition to preventing financial co-optation, Taiwan also endeavored to counter Beijing-conducted disinformation campaigns. Civic organizations jointly founded a non-profit 'Taiwan Fact Checking Center' as Taiwan's first fact-checking organization in July 2018, and then created some more counterparts one after another. The NCC also started to warn and fine several TV stations since late 2018 for their violation of fact-verification mechanisms stipulated in the *Satellite Broadcasting Act*. Taiwanese authorities moreover proposed to revise the *Digital Communication Act* and other laws/acts with an aim to endow social media companies with the responsibility to create mechanisms for reporting and managing fake news on their social media platforms (Huang, 2019b). The latest development was the implementation of the *Anti-Infiltration Act* in January 2020, which forbids any person directed or sponsored by 'foreign hostile forces' to

propagandize for any candidates/referendums or engage in any other democratic activities in Taiwan (The Taiwan Ministry of Justice, 2020).

At the *corporate* level, Taiwan sought to strengthen each media organization's capacity for resisting self-censorship. Civil society certainly played a role here. Many scholars and columnists raised an Anti-*China Times* Movement in 2012 which preached columnists not to write for *China Times* and readers not to buy the newspaper (Taipei Society and Taiwan Democracy Watch Association, 2012), due to their disaffection with Tsai Eng-meng's pro-Beijing untrue remark on the Tiananmen Incident when interviewed by the *Washington Post* (Higgins, 2012). Many senior journalists also left *China Times* for which they worked for decades either by resigning or by being laid off since 2012, due to their discontent with the newspaper's news biases regarding Chinese-sensitive topics and self-related news. Some of them created new media firms, such as Storm Media, the Reporter and Initium Media, providing the public with alternatives to old, self-censored media firms (Huang and Ho, 2014; Huang and Wang, 2014; Huang and Yo, 2014). Compared to civil society, the government has the potential to more directly assist media firms in resisting self-censorship by establishing institutions that promote the financial and editorial autonomy of media organizations. Take NCC's draft of the *Diversity Protection and Media Monopoly Prevention Act*, for example (2019). The NCC is required to reward and subsidize media organizations for cultural diversity and journalistic professionalism, which may help improve Taiwanese media's financial autonomy by providing an alternative source of finance other than political and commercial forces at home and from abroad. Also, each media organization is required to create an independent editorial system, an editorial statute, a journalistic ethics committee and a guideline for reporting and remarking self-related news. All of these may help enhance media firms' editorial autonomy by protecting editorial activities and decisions from inappropriate intervention of the business department, the programming department and media owners. Similarly, the Ministry of Culture proposed a draft of the *Public Media Act* (2018) to strengthen the public broadcasting system's financial autonomy by forming a cultural development fund, reinforce its decision making autonomy by modifying the rules regarding board member assignment and enhance its journalistic publicness by establishing a public monitoring system (Huang, 2019c).

13.4 Conclusion: lessons from Taiwan's media

This chapter builds a theory from a case study of Taiwan to systematize China's influence mechanism upon the extra-jurisdiction media. It finds that, in addition to flagrant or direct influence, Chinese authorities also exerted covered or indirect influence on Taiwanese media through the following three steps: (1) making Taiwan economically dependent on China at the international level, (2) co-opting Taiwanese media capitalists as CCP collaborators in Taiwan with financial interests at the sectoral level and (3) implementing and routinizing Beijing-induced self-censorship by accommodating Taiwanese media's financial and

organizational structures to Chinese rules of the game at the corporate level. This chapter also finds that the Taiwanese government and civil society have made and will keep making efforts to counter China's interference in Taiwan's media by (1) internationally reducing Taiwan's economic dependence on China, (2) sectorally keeping Taiwan's media industries from being overly incorporated into the Chinese market and (3) corporately strengthening Taiwanese media organizations' capacity for resisting self-censorship.

This chapter provides implications. Theoretically, it integrates Kurlantzick and Link's model of the 'commercialization of censorship' with Wu Jieh-min's model of the 'China factor'. While the former is extended beyond China to the international level, the latter is applied to Taiwan's mass media. The new theory resonates with the center-periphery thesis in critical international relations theory. Empirically, if China's rise does pose threat to liberal ways of life around the world, Taiwan, as the country in which China has especially intense interest, is most likely to be the first affected. Therefore, this paper's value may move beyond Taiwan by applying to other countries which increase economic linkages with China and thus expose media freedom to Chinese hegemony.

Note

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14 China's influence on Taiwan's entertainment industry

The Chinese state, entertainment capital, and netizens in the witch-hunt for 'Taiwan independence suspects'

Liao Mei

The audiences in the theater are stately engaged. After watching the movie Wolf Warrior II, some spectators sang the national anthem; others gave it a protracted ovation. The final image was of a Chinese passport with the words 'Don't give up if you run into danger abroad. Please remember that a strong motherland will always have your back!' on the back cover.[1] An ancient quotation, updated to the modern day, was also used to promote the movie: 'Whoever offends against the Chinese will be punished, no matter how far away' (犯我中華者，雖遠必誅). Such promises can lead Chinese moviegoers to a ultrapatriotic mood. When some have of late run into trouble in foreign countries, they have indeed gone to the Chinese embassy asking for help. Some critics have called such actions 'Wolf Warrior-style rights protection' (戰狼式維權).[2]

In retrospect, when Wu Jing directed his first film, Wolf Warrior in 2015,[3] he failed to impress the audience with his obtrusive way of storytelling. However, while making the sequel in 2017, he had improved it by adding in more entertaining plots.[4] This time around, the script, co-written by Wu, told a story about the hero, Leng Feng (played by Wu), a veteran of the 'wolf warriors' special forces of the People's Liberation Army (PLA). After retiring from the army, Leng works as a guard in an unnamed African country where Chinese companies are investing in manufacturing. When the country is inundated by civil war, some western villains take advantage of the chaos and a rebel group attempts to wrest power. Leng stands up to beat the western villains. Eventually, he rescues civilians and shepherds them to the Chinese embassy. The rebels hold their fire when Leng wraps a Chinese flag around his arm, and the Chinese ambassador steps forward and declares to them: 'Stand down! We are Chinese! China and Africa are friends.'

Wu Jing shot his film with help from the PLA, and some of the weaponry pyrotechnics are visually stunning. The success of Wolf Warrior II made it China's highest grossing hit ever,[5] the hero beating not only box-office records but also those 'arrogant westerners'. Wolf Warrior II has helped to create high expectations that China's film industry is on its way to industrializing the movie-making process. Nonetheless, things recently took an unexpected turn. When China experts long supporting engagement with China warned of its intention to undermine

the democratic values of American society,[6] Beijing was alarmed and quickly issued an order that movies like Wolf Warrior II should restrain from showing off China's military might. Nor should films tell stories that portray the West as imaginary enemies.[7] However, during the 2020 coronavirus pandemic, Beijing has encouraged China's diplomats to gain control of the coronavirus narrative on Twitter using a fierce approach called 'Wolf Warrior' diplomacy (Zheng, 2020).

14.1 The research puzzle: the shadow of China's influence in the entertainment industry

This chapter attempts to explore a series of related issues in the entertainment industry that are not common in democratic societies but have become the new normal in encounters with the Chinese state.

1. In an environment that promotes Wolf Warrior-style patriotism, how do film and television practitioners from other countries integrate themselves into this ideologically oriented society? In particular, how can Taiwanese entertainers survive in the increasingly tense political confrontations of Cross-Strait relations?
2. When Taiwanese film and television entertainers face an insurmountable ideological gap in China, how do they adjust their creative content? Perhaps the finished product can come as close as possible to China's censorship requirements, but how about their personal beliefs and daily freedom of speech?
3. Moreover, Taiwanese stars may need to make their national identity public while in China. Will they internalize their Chinese identity and advocate it among their fans? Due to the differences in their political systems, fans in Taiwan and China have different ideological stances—will these differences affect a star's career?
4. What kind of influence will Cross-Strait exchanges eventually have on Taiwan's entertainment industry?

This chapter begins with a prologue hinting at what it feels like for Taiwanese entertainers in China, and then put forward some puzzling aspects of what they have to cope with. Section II delineates the role of the state and netizens in the 'witch-hunt' against anyone suspected of supporting Taiwanese independence. Section III looks into the interplay between witch-hunt initiators and what kinds of entertainment capital are being invested. Section IV focuses on China's urge for a positive narrative, and on how China uses statecraft to reach its goals. The final section concludes with a discussion of Taiwan's further challenge in its entertainment industry.

14.2 State and netizens in the witch-hunt: The CCP state apparatus in entertainment industry

Since joining the WTO in 2001, China has become the most significant frontier for Asian, and some Hollywood filmmakers. Freed from the language barrier,

Taiwan's entertainment companies and individuals became early participants in the Chinese film market. After a short period of censorship relaxation in the late 2000s, state scrutiny of content tightened up after 2012 when Xi Jinping came to power. Many Taiwanese performers have since been hunted down by zealous Chinese netizens demanding they affirm their loyalty to the 'motherland'. A career in China can come to an abrupt end when caught in a witch-hunt against anyone advocating 'Taiwanese independence'.

In the 2017 Taiwan-Chinese period action comedy film 'The Village of No Return'（健忘村, Fortune Tien (played by the Chinese actor Wang Qianyuan) has a magical device—a so-called 'sorrow-forgetting tool'—that can erase one's memory. Fortune Tien, an outsider, persuades the villagers to let him delete their unhappy memories, and ever since this all the villagers have been living happily together. But unforeseen danger approaches when the villagers thereby also lose their critical common sense. Set at the end of the Qing dynasty, The Village of No Return, through its theme of deleting old memories, attempts to signal toward brainwashing done by the state and how the state has constructed a lie that seems 'all too perfect'. For instance, plotlines concerning the building of trains, the abolition of schools, bandits striking back, an outsider Taoist priest's domination, etc., all tend to symbolize the political situation and status of the country. Maybe afraid of not getting past government censors or of being resisted by audiences, these points are done with a light touch, lacking any power of irony. One feels that a more profound criticism is going to be revealed but then it takes an abrupt turn and disappears without trace. When a film is expected to be released in China, the filmmaker always needs to face up to a dilemma: enjoying creative freedom without a broad audience, or sacrificing creative zeal to attract viewers. As Beijing concerns itself with what is shown in theaters, its monitoring of so many aspects of film production never wavers and is only getting more relentless and ubiquitous. Chinese-made films hardly ever touch on sensitive social issues, and China's film policy encourages productions that present the government in a good light.

Figure 14.1 shows how Chinese film production is under the precise and dynamic control of government-regulated agencies, and moderated and monitored by the public themselves. Chinese government regulators are free to impose strict regulations on every step of the production procedure, ranging from checking the legitimacy of film companies whether state- or privately owned, censoring film project establishment, reviewing completed films to decide whether they obey the rules and closely watching for wrongdoing during distribution. In this production chain, only the filming process escapes the active monitoring of government agencies.

After nearly 40 years of uninterrupted growth since 'Reform and Opening' in 1978, China has turned into the second-largest economy in the world (World Bank, 2019). As of now, China has also become the world's second-largest cinema market. When the global box office plays an ever-larger role in revenues, China has transformed itself into an irresistible market, not only for Hollywood but also for Bollywood and all the other foreign players. An influx of foreign investors and film producers has shown willingness to cooperate with China. Co-production

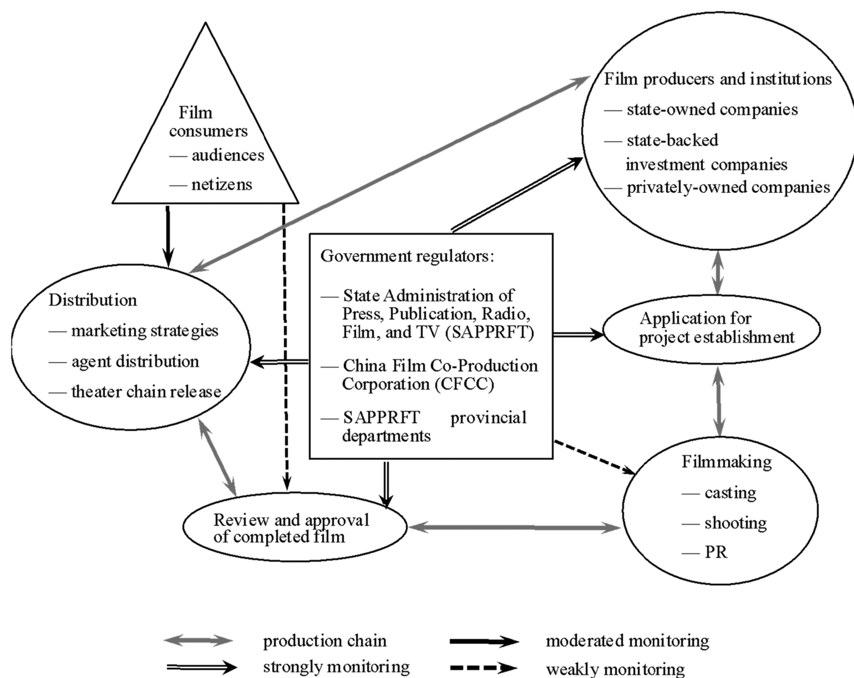

Figure 14.1 Controls and public monitoring of Chinese film production

becomes a way both for China's films to go global and for foreign films to gain access to China. Although co-produced films only account for a small proportion of the total, they contribute a significant percentage of total box-office revenue.[8] Co-productions are seen as 'made in China' and enjoy the same treatment as domestic films. Compared to imported films, co-productions gain better distribution, better policies, and better revenue-sharing. Nonetheless, co-productions still face many challenges, such as copyright ownership, cultural differences and different work styles.[9] China still won't grant Hollywood or other foreign films the access they desire. Until quite recently only 20 foreign films could be screened at Chinese cinemas each year. In 2012, that number was increased to 34—though only if the extra 14 are shown in 3D or large format. Therefore, to guarantee their films are released in China, American studios and foreign production companies are trying another tactic—that of seeking a Chinese partner to co-produce with, since co-productions are not categorized as imports and so can bypass the 34-a-year quota. China has set up the China Film Co-Production Corporation (CFCC) to supervise the business of co-production.

However, among the various levels of regulated agencies, the most powerful and consequential is the State Administration of Press, Publication, Radio, Film and Television (SAPPRFT, 國家廣電總局). SAPPRFT is China's top-level

regulator overseeing the entertainment industry, led by Chinese Communist Party (CCP) officials with broad authority and a mission to protect the interests of the party-state. Over the years, the CCP has not merely increased its control over how Taiwanese entertainment companies should behave but has also dictated how Hollywood should make movies if it intends to enter the Chinese market. With its massive economic power, China has become a major source of finance for Hollywood films, but its relations with Hollywood have become strained by filmmakers being required to portray China in a positive way. Moreover, lacking a movie-rating system, SAPPRFT can arbitrarily censor content it deems offensive to Chinese audiences. Under the scrutiny of SAPPRFT, directors and performers enjoy limited creative freedom, and officials can exert effective control over them.

SAPPRFT also censors TV programs. When an eight-page General Rules for the Production of TV Dramas was posted on the website of the China Television Drama Production Industry Association (CTPIA for short) on 31 December 2015,[10] SAPPRFT claimed that this would ban all ‘vulgar, immoral, and unhealthy content’ from Chinese television networks. In the eyes of Chinese censors, such content includes same-sex relationships and complicated sexual themes (such as inappropriate affairs and one-night stands). Chinese censors emphasize that television shows should not include stories involving gay relationships or topics that ‘exaggerate the dark side of society’. The General Rules also list a wide range of topics forbidden on TV, including anything that damages the country’s image, promotes lavish lifestyles, illustrates feudalism and superstition, or undermines national unity. SAPPRFT is also notorious for frequently releasing normative documents: from 1994 through to November of 2018, it issued 792 of these, on average almost 3 a month. Despite being only normative rather than hard-and-fast legal rules, they cannot be ignored.

In the battle for control of Chinese public discourse, the authorities have designated Taiwanese public figures—and entertainers in particular—who have shown the slightest inclination to being pro-independence as a threat to China’s unity and stability. ‘National unity’ has been used by Chinese netizens as a pretext to hunt out Taiwanese businessmen and performers for allegedly supporting independence. The game often runs amok, with netizens even mislabeling one Chinese scholar who attended a conference in Taiwan as a supporter of Taiwan independence because he discussed this issue. Unverified accusations made by netizens have further damaged the rights of creative freedom within the entertainment industry.

With the DPP returning to power in 2016, Cross-Strait relations have often fluctuated. Political contestation might focus on open rhetoric, whether high or low; corporate investment looks calm on the surface, but is busy below the water. It is a very different story though when it comes to the entertainment industry. Any even not so significant issues related to film and television entertainers jump immediately into the foreground. Besides, Beijing has never taken easily to the Sunflower Movement, and once netizens have disclosed any entertainer’s support for the Movement, they can expect to be punished.

Appendix Table 13.A sets out some of the witch-hunts led by Chinese netizens in recent years. It shows that most of the entertainment industry figures involved were picked upon by mainland netizens who found out that these directors, producers, actors and singers either supported the Sunflower Movement or expressed their love for Taiwan. From the Chinese netizen's understanding, or in the view of the CCP officials, the Sunflower Movement is an unbearable offense. Whoever supports it qualifies for being labeled as pro-Taiwanese independence or wishing to separate Taiwan from China. Over the past few years specifically, witch-hunts involving Taiwanese entertainers all make clear that Taiwanese practitioners of film and television must affirm their pro-unification position and recognize that they are Chinese if they want their works to be shown. Whoever wants to make money in China must obey.

From Figure 14.1, we can see that Chinese netizens, as consumers, do not pay attention to the entertainment industry as closely as does SAPPRFT, since they have no information on the various stages of production; only when a product is completed might they have the chance to know its content before public release, through word of mouth or media and critical preview. Only when a film is shown in theaters will netizens see the full picture and the cast. Some might search out 'disloyal' Taiwanese stars who are not fit to be seen, and with such accusations of disloyalty to the PRC those stars can suffer severely, mainly being banned from further performing in China. Conversely, those who offer concessions and apologies tend to earn approval or favoritism. Put simply, it seems that every Chinese netizen is entitled to pull the trigger on 'Taiwan independence', a situation that runs the serious risk of people being shot by mistake. Beijing, however, seems to prefer a carrot-and-stick approach to make sure Taiwanese entertainers are well-behaved.

14.3 The interplay between witch-hunt initiator and entertainment capital: Chinese influence operations

Witch-hunts of suspected Taiwanese independence supporters over the past decade have shown that these two forces interact. If we examine:

(1) who initiated the witch-hunt—state or netizens? and
(2) whether there is Chinese entertainment capital investment,

we are most likely to be able to predict what the witch-hunt's outcome will be. Table 14.1 shows our two interacting variables creating four different consequences: a limited ban; a complete ban; a quick confession; and a slow apology.

The Type I consequence combines public denouncement by the Chinese government and the involvement of Chinese entertainment capital (whether from state-owned or private companies), and results in a 'limited ban' on performing in China. Such suspect people are themselves banned from appearing, but work they have participated in can be retouched. In most cases of filmmaking, the producer finds a substitute actor and the director reshoots all the scenes related

Table 14.1 Types of Consequence in Witch-hunts of Entertainers Suspected of Supporting Taiwanese Independence

		Witch-hunt initiator	
		Chinese state	*Chinese netizens*
Is there Chinese entertainment capital involved?	YES	I. Limited ban	III. Quick confession
	NO	II. Complete ban	IV. Slow apology

to the 'contaminated' entertainer and edits them into the final cut. The final work can be shown to the public since there is Chinese entertainment capital involved.

The Type II result has no Chinese entertainment capital investment and sees a ban by the Chinese government pronounced either publicly or privately. In such cases, entertainers are completely banned and will disappear from performance space in China for some time. If a movie star, they cannot act in any movies that are expected to be released in China. If a singer, they are not able to hold a concert or perform on television; their songs cannot be played on the radio; any advertisements they endorse will be also banned from TV and print media.

The Type III outcome is the combined effect of Chinese netizens' condemnation and entertainment capital involvement (whether state or private). Suspects said to promote Taiwanese independence are subjected to making a quick confession to contain the damage, promptly issuing a statement or appearing in public to confess that they are 'actually' Chinese, not Taiwanese. After all, with Chinese entertainment capital involved, the stakes are high. And because the accusation comes not directly from the government but from Chinese netizens, there is the chance of avoiding a more severe punishment that might cause reduced profits or loss of advantage: staunching the bleeding is the key.

The response to a Type IV accusation is the 'slow apology', which comes about when Chinese netizens launch a witch-hunt but no Chinese entertainment capital is involved. With no Chinese capital, any damage is not so urgent from the point of view of the Chinese counterpart. Usually, after being affected in this way, entertainers might observe a period of purdah, after which comes an apology that appears to be slow compared to Type III, with a statement or an appearance in person.

Spectators have come to expect it. Plenty of it. Accusations of real-world storytelling as it unfolds. An image goes viral against the accused. Some videos show accusers jumping in to reprimand them. The media report it all in print or online. Press releases. Archival footage. Statements. Recordings. All are woven into almost every 'episode' of The Witch Hunt to transport bystanders, readers, viewers, listeners to a time and place, creating urgency and immediacy.

During these witch-hunts, the persistence of the Chinese state and the aggressive, hysterical mood of Chinese netizens sometimes escalate the frenzy until

accused entertainers are either banned from sight, make a rapid confession or finally offer an apology. Hard examples can be highly informative.

14.3.1 Type I: The limited ban

When the veteran Taiwanese actor Leon Dai (戴立忍)[11] was accused of supporting Taiwanese independence in late June 2016, he was not overly concerned. Within a few days, he had posted on his Weibo account to deny the accusation. But things escalated when the Communist Youth League of China used Weibo to launch a series of attack on Dai's national identity (Zhuang, 2016). After more than two weeks of constant pressure from Chinese patriots online, the film No Other Love (沒有別的愛), a Chinese romantic comedy directed by Zhao Wei, had transformed into a political drama. Dai's unfortunate experience coincided with an unfavorable court ruling for China on the South China Sea (Page, 2016). It was said that filmmakers had come under pressure from patriotic forces in China, who used social media to call for a boycott of the film if Dai were not excised. The film's production team issued a statement saying that the director and investors were not satisfied with Dai's previous clarification and that he would therefore be replaced. They apologized 'for hiring the wrong person' (Lin, 2016). The film was backed by a set of Chinese private companies including Alibaba Pictures Group. The statement continued:

'The director and the entire crew dedicate themselves wholeheartedly to China. We are all Chinese, and we firmly support the one-China policy. Our country's interests are our top priorities…Any ambiguous stance over the country and national identity is intolerable.'

And with such an apologetic tone they duly tried to please those hostile netizens. By that time, the film had completed principal photography and had begun post-production. Replacing Dai would require extensive reshooting. But he was not the first Taiwanese actor to lose a part for getting on the wrong side of the authorities. Monster Hunt (捉妖記), a record-breaking 2015 Chinese fantasy film, was remade after Kai Ko (柯震東), its lead actor, was arrested amid a drugs scandal.

14.3.2 Type II: The complete ban

Singing the Taiwanese national anthem can come with a cost. This is what happened after the pop star A-Mei (張惠妹), who is of Puyuma extraction (an indigenous group of Taiwanese aborigines), sang the anthem at the inauguration of President Chen Shui-bian in 2000. The Central Propaganda Department of the CCP ordered a ban on A-Mei, who completely disappeared from singing and advertising on television. Not even her songs were allowed to play on the radio. The ban lasted for more than four years.

Again, at the presidential inauguration of 2004, the Puyuma singer Samingad (紀曉君) and the visually impaired singer Ricky Hsiao (蕭煌奇) together sang the

national anthem. Subsequently, Samingad's application to work in China was for a period of time rejected.

Even for amateur performers, China's treatment of those who sing at Taiwan's presidential inaugurations is the same. In 2016, the Puzangalan Children's Choir from the Paiwan indigenous people performed an adaptation of the ROC's national anthem, which included elements of traditional Paiwan song. After their appearance at Tsai Ing-Wen's inauguration, they were forced to call off a scheduled tour to China; the organizers of the Guangdong concert saying that the choir had become 'too sensitive' after the performance.

14.3.3 Type III: The quick confession

When Taiwanese actress Vivian Sung said in a 2015 interview that Taiwan was her favorite country, she never thought that one day she would have to apologize for it. She was later cast in a lead role in a Chinese film called Hello Mr. Billionaire (西虹市首富), loosely based on the 1985 American comedy Brewster's Millions. But amid box-office success also came accusations from Chinese netizens who had uncovered what Sung had once said in that interview.

With no time for delay, Sung quickly confessed her regret and posted a statement on Weibo the same day the accusation surfaced. What Sung wrote in turn outraged the Taiwanese. Her post included lines such as: "I am a Chinese, a post 90s Chinese girl. Taiwan is my home. China is my motherland…Motherland China is where my dreams are coming true…proud to be Chinese.' In the eyes of the Taiwanese, Sung's reaction was money-oriented. But her comments did pacify angry Chinese netizens and Hello Mr. Billionaire went on to earn US$367m and rank at number 12 for all-time sales in China.

Hello Mr. Billionaire was entirely funded by Chinese capital, but Chinese netizens initiated the witch-hunt. The film was already a box-office success when the accusation appeared, and the damage-control team had no time to ponder. It turned out that a quick confession was the right strategy, and others would copy that same quick reaction if necessary.

14.3.4 Type IV: The slow apology

We might draw parallels between Sung's case and that of Chou Tzu-yu in January, 2016. Chou is a young Taiwanese singer with the South Korean girl group TWICE. When she released a video offering a glum and shaken apology for waving the ROC flag on a South Korean TV show, Taiwanese netizens regarded her as having been forced into it. Then again, other Taiwanese had reacted strongly against Sung, proclaiming that she had betrayed her nationality for money, when in reality Chou's actions may not have been so different.

There is a fundamental difference concerning the involvement of Chinese capital. TWICE might have had ambitions to gain profits in China; however, their boss was Korean. With no immediate money involved, Chou's reaction took time, her Korean company having to take account of the fact that anything done to please China might anger Koreans and Taiwanese.

In such witch-hunts, the accused person usually responds in one of four ways; only when the event has gained attention at the state level, whether from an official organization or a peripheral political organization, will the accused have little room to change their fate. Such was the case regarding the actor Lawrence Ko's alleged pro-independence stance. During a press conference, China's Taiwan Affairs Office spokesperson An Fengshan said that a Taiwanese film called Missing Johnny (強尼·凱克) would not be shown in China because 'the relevant agencies' had confirmed the lead actor's tie to Taiwan's New Power Party, which supports Taiwanese independence.

> 'If these Taiwanese entertainers recognize the mistake and harms of Taiwanese independence, and make changes in their thoughts and behavior, we will welcome it. Currently, the release of the film on the mainland has been put on hold.'
>
> (Wang, 2018)

Ko has never made any response or statement regarding the allegation. Missing Johnny is a Taiwanese film with no Chinese capital involved, so there is less pressure to try to please Chinese audiences.

14.4 China's positive narrative and statecraft: How the film market has been controlled by the CCP state

Membership of the CCP has exceeded 90 million (Xinhua, 2019). Among the Party's different age groups, young nationalists can be very aggressive online. It is no secret that most young people join the Party for job opportunities and material gain. Just as propaganda billboards are ubiquitous, so is the online community of these hotheads. Xi's nationalist-strongman politics has encouraged a new wave of ardent patriotism and an emphasis on the idea that China should be perceived positively—'Tell China's story well, and properly disseminate China's voice' is the new doctrine. With a policy dictating that film should present government in a good light, Chinese-made movies hardly ever touch on sensitive social issues.

Nothing better demonstrates ideology in a Chinese film than the idea of the 'main melody theme'.[12] For audiences of a different generation, this can be a source of pleasure or displeasure. Main melody movies have clear political agenda—an ideological appeal to the heroism of the communist revolution, the communist leaders, and social realism favors the communist system. In addition to the movie director's production targets and financial subsidies, the 'Five One Project Awards', established in 1991, include awards handed out to main melody films. The Chinese government's Huabiao Film Awards (電影華表獎) is a specific honor reserved for the main melody.[13]

But special awards for main melody films are not enough, and other help has had to come along. SAPPRFT released a document on 30 January 2018, announcing that it would select 5,000 movie theaters nationwide to become 'People's

Theaters'.[14] For each province and city, the number of People's Theaters should be in direct proportion to the overall number. The aim is to 'further employ screening resources, increase overall attendance rates, and improve screenings of films that orchestrate the main melody'. Featuring patriotic themes, main melody films usually perform badly at China's box office compared with Hollywood imports (at least, before 2017). SAPPRFT asks selected theaters not just to dedicate screens to playing main melody films, but also encourages them to organize group-viewings and offer discount tickets. It would appear that the linkages for a main melody movie from production to screening would be far from smooth without various helping hands from the state.

Hollywood meanwhile has been grappling with how to make a good movie while incorporating elements to appeal to a Chinese target audience. It is never easy for a foreign company to get used to the environment in China. The US media have registered alarm that China might exercise excessive control over Hollywood films by forcing Hollywood to tell rosy, sanitized stories about China.[15] This alarm has a basis in fact: the Hollywood star Brad Pitt has reportedly been banned from entering China because of his role in the 1997 film Seven Years in Tibet, which depicts a sympathetic Dalai Lama. In the 2012 British film Skyfall, starring Daniel Craig as James Bond, in order to escape censorship the filmmakers had to cut a scene showing an assassin walking into a skyscraper in Shanghai's financial district and shooting a security guard. China's censors thought that this would make China look weak and disapproved of the Chinese being portrayed as incapable of defending themselves. But if Hollywood is not succeeding in China, China is not gaining much in Hollywood either. Some Chinese entertainment companies have been interested in co-financing and co-producing American superhero movies based on comic characters after seeing the genre's box-office success in China. Nonetheless, they are most likely to wind up partnering with second or even lower-tier American companies, since first-tier studios such as Marvel Studios and DC Films are inclined to produce their movies independently. It seems that for Chinese companies to buy their way into the universe of the Hollywood superhero movie has never been easy (Wei, 2019).

14.5 Conclusion: Taiwan's further challenge

In late April of 2020, an arbitrary new rule was set up by production companies and distributors in the entertainment industry which demands that actors in Taiwan and Hong Kong sign an agreement to guarantee that they will behave with 'political correctness' for at least 10 years. Those caught being politically incorrect and causing the profit loss will have to compensate.[16] Although not declared as a rule of law, it will no doubt have the equivalent effect. As China has become an entertainment juggernaut, Taiwan has grappled with a challenge: how can its entertainment industry avoid the self-censorship that China intends to impose on it?

The film industry in Taiwan is not controlled by the state. Instead, it is under global free competition. Appendix Figure 14.A evidences this in the number from 1990 to 2018. We see the share of the box office in Taipei mostly in single digit and sometimes even less than 1%; most movie sales went to foreign films. Taiwan joined the WTO in 2001, the same year as China, and allows completely free competition in the film market. There is no limit on any number or any kind of foreign film imports.

We can further discern Taiwan's disadvantage in the film industry by examining Appendix Table 13.B. The left-hand side compares domestic market shares of total box-office receipts from 2009 to 2018. Taiwan lags far behind compared to the UK, China, South Korea and Japan. Among these other Asian countries, all have shares ranging from 38% to 66%, indicating that these countries favor domestic film production somewhat more, South Korea and Japan in particular. Whereas Taiwan's shares are between just 2.3% and 18.7%. As to the right-hand side of Appendix Table 13.B, if we examine per capita annual visits to the movie theater, South Korea is the clear winner. While China does not win by this measure, judging from the trend it is on the way up and has an optimistic future.

China has also gradually come to control how the offerings of the entertainment industry can be shown on the internet outside its borders, as the case of the online video platform iQiyi-Taiwan (愛奇藝台灣) demonstrates. Taiwanese TV series and films can be watched on iQiyi-Taiwan (part of iQiyi, whose parent is the Chinese-owned Baidu search engine company), and iQiyi-Taiwan has quickly become an important player in audio and video streaming in Taiwan. But censorship of what can be seen on iQiyi does influence content makers, some of whom are acutely aware of sensibilities across the Taiwan Strait and that they must walk a fine line between the two sides. Facing the challenge from various fronts, Taiwanese government needs to do more in terms of policies and funds to support its entertainment industry. And the entertainment industry should aspire to make works for people around the world to see, not just China.

Notes

1 The owner of a very prominent bookstore at Shanghai told me in an interview that after people watched Wolf Warrior II they went home to check their passport and saw no such indication on the rear cover. Some wrote the words in, unintentionally invalidating the document (see interview Yuan 201806).

2 In early December 2018 an article mentioned that the planned sequel Wolf Warrior III had been dropped and that foreign military-related themes would be banned for now. The article also cited the term "Wolf Warrior-style rights protection" from media posts. See https://mp.weixin.qq.com/s/WJMar_e94vRcPQDrdFbyMg

3 https://en.wikipedia.org/wiki/Wolf_Warrior

4 Wu Jing's first directorial attempt in 2015, Wolf Warrior is an awkward action film whose climax has him fighting CGI wolves. The film was nevertheless a hit, but with much smaller box-office sales than the sequel two.

5 Box-office receipts for Wolf Warrior II amounted to more than US$800m, and it is the only Chinese film to have made it into the top 100 movies worldwide in terms of revenue.
6 See Chinese Influence and American Interests: Promoting Constructive Vigilance, Hoover Institution Press.
7 See note 2, above.
8 For instance, in 2014 co-productions accounted for just 6% of all productions screened in China but contributed around 50% of total box-office revenue.
9 Currently, most co-productions are targeted at the Chinese market. Wolf Totem, released in early 2015, was a Chinese-French co-production. The movie used many Chinese elements, its main scenes were shot in China, and almost all of its actors were Chinese. Western resources were mainly used for content creation, such as direction, and Chinese-foreign diversified capital support. Wolf Totem saw great success in the Chinese market, earning some RMB 700m at the box office.
10 See http://www.ctpia.com.cn/index/xhzcq/detail?id=178
11 Dai is a familiar figure in movies on both sides of the Taiwan Strait. He was prolific in 2015 and 2016, appearing in no less than 11 films. He also won the Golden Horse Award in 2009 as Best Director for Cannot Live Without You.
12 According to official sources, a “main melody theme” should describe the history of the invasion of Western imperialism since the Opium War of 1840, major revolutionary events and history from the establishment of the Communist Party in 1921 to the founding of the People’s Republic of China in 1949, and important realistic topics after 1949.
13 China’s three main film awards are the government’s Huabiao Film Awards; the Golden Rooster Awards, selected by a jury of filmmakers, film experts, and film historians; and the Hundred Flowers Awards, voted on by the readers of Popular Cinema annually.
14 According to an announcement by Sina Entertainment, SAPPRFT will choose movie theaters that have never violated regulations and have multiple auditoriums with more than 100 seats to transform into “People’s Theaters.” See http://ent.sina.com.cn/zz/2018-02-09/doc-ifyrkzqr0690448.shtml.
15 Eighteen US congressmen and senators wrote in 2016 to various agency chiefs to express concerns over Chinese firms’ encroachment into US media assets. They asked the Government Accountability Office (a government agency that provides auditing, evaluation, and investigative services for Congress) to look into whether trade examinations should include a focus on propaganda and control of media and other soft-power institutions.
16 See Apple Daily on April 29, 2020. Available at: https://tw.appledaily.com/entertainment/20200429/AHSWHRFEVOTFREV3SJF6VMNLPM/.

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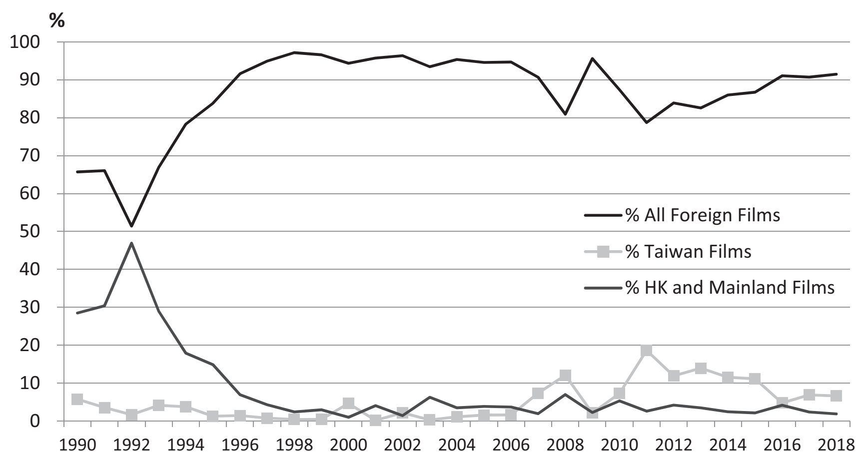
Appendix figures and tables



Appendix Figure 14.A Market share of box office for first round films shown in Taipei, 1990-2018

Appendix Table 14.A Witch-hunt Events by Chinese State and Netizens

Date	*Name*	*Profession*	*Event*	*Affected works*	*Action initiator*	*Capital origin*	*Note*
April, 2020	Taiwan and HK	all actors and actress	Need to sign an agreement to guarantee 'politically correct' for 10 years.	The violated have to compensate for the loss to production companies and distributors.	Chinese state	China	
Dec., 2019	Potter King	influencer	Taiwanese internet celebrity Potter King was named a supporter of Taiwan independence after he interviewed President Tsai Ing-wen and calling her president.	His contract with Papitube, a muti-channel network in China, was called off.	Chinese netizens	China	
Aug. 2, 2018	Vivian Sung	Actress	Netizens in China asserted that when Sung had once been asked her 'favorite country' she had named Taiwan, so they saw her as supporting Taiwanese independence.	*Hello Mr. Billionaire* 西虹市首富	Chinese netizens	China	A Chinese film, unaffected after Sung quickly responded that she was Chinese.
Mar. 28, 2018	Lawrence Ko	Actor	Allegedly supported the Sunflower Movement and Taiwanese independence, and opposed the Cross-Strait Service Trade Agreement.	*Missing Johnny* 強尼·凱克	Chinese state	Taiwan	Taiwanese film
Jan. 7, 2018	Ruby Lin	actress/ producer	Netizens reported that *My Dear Boy* was subsidized by Taiwan's Ministry of Culture, which would 'allow Taiwan's independence forces to go rampant'. The Guangdong provincial SAPPRFT responded by axing the TV series.	*My Dear Boy* 我的男孩	Chinese netizens	Taiwan	Taiwanese TV series
Aug. 2017	Cheng Yu-Chieh	director	The program was suspended because a storyline involved the Sunflower Movement and the issue of Taiwanese independence. Originally, it was also aired on iQiyi-Taiwan, which is owned by and operated with Chinese capital involvement, but iQiyi removed the video without warning and indicated that it wouldn't be simulcast for the second episode.	*Days We Stared at the Sun II* 他們在畢業的前一天爆炸2	Chinese netizens and state	Taiwan	Taiwanese TV series

Jan. 5, 2017	Chen Yu-Hsun	director	Netizens claimed that the director Chen Yu-Hsun once participated in anti-traditional trade and support for the Sunflower Movement, and the film was boycotted by mainland Chinese audiences.	*The Village of No Return* 健忘村	Chinese netizens	China and Taiwan	A co-production film
July 6-17, 2016	Leon Dai	Actor	Dai was challenged by political media and netizens in mainland China about his political position.	*No Other Love* 沒有別的愛	Chinese state	China	Chinese film
Nov. 2015-Jan. 16, 2016	Chou Tzu-yu	Singer	Chou said on Korean TV that she came from Taiwan, and waved an ROC flag. The Taiwanese pro-China artist Huang An criticized Chou's actions on Weibo and said she supported Taiwanese independence.	A scheduled appearance on Anhui TV was cancelled, and Chou was barred from appearing with her pop group in China.	Chinese netizens	n/a	Chou recorded a video apology to mainlanders
Nov. 2015	Lu Guang-Zhong	singer/ actor	Huang An and netizens accused Lu of opposing the Cross-Strait Service Trade Agreement and supporting Taiwanese independence. Lu was forced to withdraw from the Southern Strawberry Music Festival in Dongguan, and concerts scheduled for Beijing and Xi'an were postponed.	Lu's TV drama *A Boy Named Flora A* (花甲男孩轉大人) was later banned from Tencent Video, a Chinese video streaming website.	Chinese netizens	n/a	Concerts and Taiwanese TV shows
May 20, 2004	Samingad and Ricky Hsiao	Singers	Sang the national anthem at Chen Shui-bian's inauguration. For a certain period, Samingad was barred from performing in China.	Samingad's application to work in China was rejected for a while.	Chinese state	n/a	Concerts and shows
May 20, 2000	A-Mei	singer/ songwriter	A-Mei sang the ROC national anthem at Chen Shui-bian's inauguration, outraging the PRC government.	A-Mei was banned from performing in China for several years.	Chinese state	n/a	Concerts and shows

Appendix Table 14.B Percent Domestic Market Share and Number Annual Visit to Theater per Capita, 2009–2018

	% domestic market share out of the total box office					*Number of annual visit to the theater (Per capita)*					
	Taiwan	*China*	*South Korea*	*Japan*	*U.K.*	*Taiwan*	*China*	*South Korea*	*Japan*	*U.K.*	*U.S.*
2009	2.3	43.4	59.4	58.8	19.6	0.94	0.13	3.10	1.26	2.83	4.63
2010	7.3	43.0	57.0	53.6	24.9	0.95	0.21	2.92	1.37	2.80	4.33
2011	18.7	46.4	50.3	55.0	39.4	1.38	0.54	3.10	1.13	2.70	3.90
2012	11.9	51.3	57.5	65.7	34.3	1.21	0.56	3.83	1.27	2.70	4.10
2013	14.0	45.7	58.6	60.6	23.6	1.30	0.86	4.17	1.22	2.60	4.00
2014	11.5	54.5	49.3	58.3	26.8	1.28	0.61	4.19	1.27	2.40	3.70
2015	11.1	61.6	51.3	55.5	44.3	1.46	0.87	4.22	1.31	2.65	3.80
2016	5.9	58.3	53.2	63.1	35.9	1.34	1.00	4.20	1.43	2.57	3.75
2017	6.7	53.8	51.4	54.9	41.2	1.93	1.17	4.25	1.37	2.58	3.60
2018	7.5	62.2	50.3	54.8	--	1.96	1.23	4.18	1.34	2.67	3.70

Source: Annual Research Report of Film and Television, various years from Taiwan Government Information Office.

15 China's influence on Taiwan's religions

Mazu belief across the strait[1]

Ku Ming-chun and Hong Ying-fa

Formulated in the interactions between the Chinese Communist Party (CCP) and religious leaders in the process of state formation, the religious question has been one of the major concerns of the Party leaders aiming to govern a population with ethnic and religious diversities (Goossaert and Palmer 2011, Yang 2011). The United Front Work Department (UFWD) of the CCP has investigated religious and ethnic affairs since 1950 to formulate related policies. In the Reform era, the affirmation of a united front approach to religion was inscribed in the Document No. 19 in 1982 and Document No. 6 in 1990 (Potter 2003, Yang 2011:66–85). However, those documents referred only to the five formal religions, i.e., Roman Catholicism, Protestantism, Islam, Buddhism and Taoism, with organizations under the government-sanctioned 'patriotic' associations. The numerous popular religions were not the subjects of the united front work because they were not recognized as 'religions' in official discourse. The case presented in this chapter, Mazu belief, is one of these popular religions that later became a focus point in cross-strait politics. This chapter discusses the religious development and state-religion dynamics of cross-strait interactions between Mazu belief communities since the late 1970s. It also examines the political effects of these cross-strait religious exchanges in terms of China's united front work in Taiwan.

The case of Mazu belief is significant for the following reasons:

(1) Mazu believers from Taiwan made the earliest pilgrimages in the late 1970s to China to visit temples and participate in ceremonies and other religious practices even before governmental agreements on cross-strait exchanges were officially permitted.

(2) The community leaders of Mazu belief in Taiwan pushed religious exchanges on the agenda of cross-strait interactions in terms of creating a direct religious sea link between Taiwan and China.

(3) In the interactions among Mazu belief communities and governments, the association model of cross-strait religious exchanges was generated, and was later adopted by popular religious communities related to different deities. While these associations in Taiwan are mainly self-organized social groups, their counterparts in China are mostly semi-official associations.

(4) The significance of Mazu belief in Taiwanese society and its impact on cross-Strait politics was gradually recognized by the Chinese government and the UFWD, and the cross-strait religious exchange among Mazu belief communities are used as an official instrument to expand China's influences in Taiwan.

15.1 Background: changing religious ecology of Mazu belief since the 1970s

Historically, worshippers of Mazu belief in Taiwan comprised territory-based cross-strait migrant communities that were formulated in the Qing dynasty (Chang 2003). Scholars have noted that a symbolic hierarchy existed among Mazu temples in Taiwan in terms of their 'incense lineage' relationships (Hong 2005, Chang 2003). Since Taiwan's industrialization and urbanization in the 1960s, Mazu worshippers have left their original communities and migrated, with their beliefs, to Taiwan's industrial areas (Chang 2005, Hong 2005:81–85). Their domestic migration reshaped historically-formulated and territory-based religious communities so that a phenomenon of 'deterritorialization' of Mazu belief gradually emerged alongside several famous national temples with believers from different areas in Taiwan (Chang 2005). One of the most nationally well-known Mazu temples is Zhenlangong (Zhenlan temple). In 1978, the management body of Zhenlan temple was reorganized as a trustee board, comprising local political faction members and local entrepreneurs. The temple affairs under the leadership of the trustee board were quite different from the traditional model of temple management, and they became entangled with other social forces beyond the religious arena, including promoting media coverage, initiating scholarly research and inviting local and national politicians to participate in a yearly pilgrimage (Hong 2005; 34–39). Affection, money and political power became entangled with the religious practices of the trustee board of Zhenlan temple together with the national prominence of Mazu belief.

In the Taiwan-oriented cultural policy that emerged in the 1980s, the Taiwanese government turned its eyes and relocated resources to local culture, and promoted folk belief as a representative of Taiwanese culture. In 1987, the Taiwanese government chose the Mazu pilgrimage as an official cultural activity and sponsored some specific temples to host the 'Mazu Cultural Festival' to commemorate 1,000 years since the ascension of Mazu. However, this official sponsorship and subsequent uneven distribution of governmental funding among Mazu temples' activities evoked discontent among many nationally well-known Mazu temples. These tensions intensified when the trustee board members of these temples considered this official recognition a symbol of status, thus prompting them to organize their own festivals and memorial activities (Hong 2005: 44). During these tensions, the trustee board members of Zhenlan temple decided to ignore the official restrictions to cross-strait interactions under the martial law by making a pilgrimage to China to participate in the grand ceremony on Meizhou Island (Hong 2005: 45). The trustee board members of Zhenlan temple returned to Taiwan with religious

relics of Meizhou Mazu to symbolically imply that the source of incense at Zhenlan temple was the Meizhou Mazu Ancestral Temple, thus readjusting the Zhenlan temple's status in the incense hierarchy among Mazu temples in Taiwan. Following the success of the 1987 pilgrimage, the trustee board members of the Zhenlan temple organized several yearly cross-strait pilgrimages, and they continued to build intra-temple interactions with several famous temples in Fujian during the 1990s. Their endeavors and capacities endowed the trustee board members of Zhenlan temple with a new status in the religious ecology of Mazu belief in Taiwan.

In 2000, the year of Taiwan's presidential election, the trustee board of Zhenlan temple organized another large-scale pilgrimage to Meizhou Island in China with thousands of Taiwanese Mazu believers (Yang 2004). The aim of their pilgrimage was to bring the issue of a cross-strait direct religious sea link into the presidential election and elicit debates among the presidential candidates and politicians. Mazu pilgrimage became an issue of political power struggle within Taiwan. In addition, China's media covered this event, presenting it as a request for three direct links and a yearning for the peaceful development of cross-strait relationships among Taiwanese people. Mazu belief became entangled with the symbolic struggle in the cross-strait wrestling between the Taiwanese and Chinese governments. After 2000, and especially during the election years, the trustee board of Zhenlan temple has invited national-level politicians and governmental officials in Taiwan to participate in the opening ceremony of Mazu pilgrimage. The Mazu belief has thus become a valuable symbol in Taiwan domestic politics. In 2001, the trustee board of Zhenlan temple organized an intra-temple association in Taiwan, the 'Taiwan Mazu Fellowship' as a collective entity to organize a large-scale pilgrimage to China. From its original 18 temple members, this association grew to 65 temple members, and its contact office remains at Zhenlan temple. Although individual Mazu temples in Taiwan still organize pilgrimages to China, the Taiwan Mazu Fellowship initiated a new mode for cross-strait intra-temple interactions, which involves organizing large-scale pilgrimage tours, inviting visitors from China to Taiwan in the name of religious and cultural exchange, making donations to temple-building projects related to Mazu belief in China, participating in cross-strait forums, and visiting the national office of Taiwan Affairs and the National Committee of the Chinese People's Political Consultative Conference in Beijing. The model of intra-temple association as a collective entity to represent specific belief communities in cross-strait religious exchange is now widely emulated by other leaders of popular religions in Taiwan.

Correlated to Taiwanese Mazu believers' pilgrimage to China, Taiwan factor significantly involved in the revival of Mazu belief in China. In the late 1970s, although the official attitude towards the popular religion was still rigid, some Mazu temples in China were reconstructed by local worshippers and sponsored by overseas pilgrims, especially from Taiwan and other Southeast Asian countries (Goossaert and Palmer 2011: 241–269; Madsen 2010; Chau 2006: 2–4). As with numerous other once-forbidden popular religions in China, the Mazu belief was revived under the changing political atmosphere of the late 1970s, and some belief

leaders in southeastern China endeavored to reconstruct the destroyed Mazu temples despite the political risks (Zheng 2010). According to Dean (1998), the overseas religious communities, including those in Taiwan, participated significantly in the revival of the popular religions in south eastern China. As for the revival of Mazu belief in China, the influences from Taiwanese believers included financial donations for temple buildings and participating in the revived religious festivals.

The most representative case of the revival of Mazu belief was the reconstruction of the Meizhou Mazu Ancestral Temple on Meizhou Island which was destroyed during the Cultural Revolution. Despite facing political uncertainty since popular religions back then were still officially considered 'feudal and superstitious' and the popular religious practices were still illegitimate in the late 1970s, the endeavors of the religious community leaders to reconstruct the temple since 1978 prompted diverse responses from local state agencies, including party leaders, military, heads of local governments, and other state agencies at the local level. To avoid coercive repression, such as the demolishing of temples or imprisoning the participants, the religious community leaders involved in the temple reconstruction project contacted various state agencies for support and gradually built connections with two sympathetic state sectors at local level: the Cultural Bureau and the Taiwan Affairs Office (Ku 2015). In the 1980s, when Meizhou Island was demilitarized, changes to cross-strait relations occurred and the Taiwanese connection played a powerful role in local politics. The religious community leaders on Meizhou Island enhanced connections with Mazu temples in Taiwan, which contributed financially to the temple construction. With the assistance of the Cultural Bureau and the Taiwan Affairs Office at local level, the religious community leader of the Meizhou Mazu Ancestral Temple reframed the religious ceremonies—restarting in 1983 when the reconstruction of the great hall of the temple ended—as 'Mazu culture' and 'cross-strait exchange' to maintain the legitimacy of these practices in official discourse (Chang 2014: 144–145; Zheng 2010: 128; Ku 2015, 2019). The Taiwan Affairs Office at the city level assisted the religious leaders of the Meizhou Mazu Ancestral Temple to send out thousands of invitations to Mazu temples internationally, and especially to those in Taiwan, to attend the grand ceremony commemorating the 1,000 years since the ascension of Mazu in 1987 (Ku and Hong 2017).

The 1987 grand ceremony consolidated the status of the trustee board as the local facilitator in cross-strait relations by working successfully with the officials in charge of Taiwanese affairs at the provincial and city levels to deal with pilgrims from Taiwan. Since 1987, two grand ceremonies (the Homecoming Ceremony for the Birth of Mazu in spring, and the Sacrifice Offering Ceremony on the Sea for the Ascension of Mazu in autumn) have been held annually on the island (Ku 2015). In 1988, Meizhou Island was officially designated a tourism economic zone with government inputs to attract tourism-related investment to the island (Ku and Hong 2017). The term 'Mazu culture' appeared in official discourse, not only related to local development of Meizhou Island but also serving as a platform for cross-strait exchange in the era of the demilitarization of China-Taiwan relationships (Ku 2019). In the meantime, provincial input on the development

of Meizhou Island continued to increase. For the 1987 ceremony, a submarine power cable was constructed across the Meizhou Bay, providing electricity to the whole of Meizhou Island (Ku and Hong 2017). In 1994, the Mazu ceremony at the Meizhou Mazu Ancestral Temple was chosen as an official event in the inaugural Mazu Cultural Tourism Festival organized by the Putian City Government, and thus received spatial reconstruction and governmental financial inputs (Ku and Hong 2017). Additionally, the inaugural Cross-Strait Forum in 2009 declared the Mazu pilgrimage to Meizhou Island a major event. The Mazu ceremony in China is now not only a continuation of the religious traditions that survived political repression, but it is also used by non-religious stakeholders for economic and/or political purposes.

In their interactions with the state since the late 1970s, the religious community leaders of the Meizhou Mazu Ancestral Temple gradually gained their legitimacy and local status as the state's facilitator in cross-strait Mazu pilgrimage. Furthermore, the state-religion interactions have reshaped the leadership of Meizhou Mazu belief community (Ku 2015). Under the local party's assignment in 1986, the management body of the Meizhou Mazu Ancestral Temple was reorganized as a trustee board, and the head of the board committee was assigned to a chairman of the city-level Chinese People's Consultative Committee, which is trusted by local party leaders and accepted by the religious community (Chang 2014: 144, Ku 2015). The charismatic religious community leader, a female who organized worshippers to rebuild the temple in the late 1970s, was assigned the position of deputy, where she remains in a position of power over financial donations and decision-making in temple affairs (Dean 1998: 264, Ku and Hong 2017). This assignment was symbolic, because it symbolized the malleability of the religious community leadership by the authority of the local state, and functional, because the assigned chairman created a channel of communication between the governmental sectors and the religious community. The chairman and deputy stepped down from their 10 years of leadership of the trustee board in 1997, and a new chair, the eldest son of the female leader, was officially assigned as the deputy of the administration committee of Meizhou Island (Ku and Hong 2017). In addition, the head of the Taiwan Affairs Office was given a seat on his trustee board (Ku and Hong 2017). There are various businesses today related to the trustee board of the Meizhou Mazu Ancestral Temple, such as hotels, buses and transportation, tourism agencies and cultural theme parks. The trustee board hence is an organization with hybrid authorities and capacities, including religious leadership, cultural entrepreneurship and local administration influencing Meizhou Island development, cross-strait affairs and tourism (Ku and Hong 2017).

From the late 1970s to the early 1980s, donations from the Mazu belief communities at Taiwan have served as the most direct financial resource to the revival of Mazu belief in China. These donations have been used for the construction of temples and improving the environment around them. For the religious communities in China still facing political risk back then, donations from Taiwan and the Taiwanese connection became the leverage of the religious community leaders in the era of demilitarization of cross-strait relations. With local government's

supports, leaders of the Mazu belief community on Meizhou Island have gradually transformed the religious practices of Mazu belief into semi-official activities with legitimacy: 'religious and cultural exchange between Fujian and Taiwan.' In the late 1990s, as a prominent symbol of cross-Strait exchange, Mazu belief was further incorporated into the official discourse. As a result, ambitious temple leaders have been using strategies and hosting activities under the following headings: 'Mazu Festival', 'Mazu Culture and Tourism Festival', 'Mazu belief and customs as an Intangible Cultural Heritage' and 'Mazu Cultural and Ecological Protection Zone' to solicit municipal, provincial and state funding and policy preferences. As local Mazu believers have become successful businesspeople in the era of Economic Reform, the majority of donations no longer come from the pilgrim donations given to Taiwan's Mazu community. Therefore, religious community leaders of Mazu belief have tended to work closer to local government and to facilitate the state in Taiwan-related affairs.

15.2 China's indirect influences: co-optation and mobilization of CCP collaborators in Taiwan's Mazu communities

15.2.1 Religious exchanges as the leverage of China's influence on Taiwan's society

This chapter has described the changing religious ecology of Mazu belief since the late 1970s when religious community leaders in Taiwan and China aimed to enhance the cross-strait intra-temple interactions to improve their local status. We have also pointed out the actions strategies of religious community leaders were embedded in the different relations between the state and popular religions in Taiwan and China. In this section, we discuss one of the political outcomes of the cross-strait religious exchange: cross-strait religious exchanges as the leverage of China's influence on Taiwan's society. As mentioned at the beginning of this chapter, the UFWD's work in Taiwan did not originally include popular religions such as Mazu belief that were not part of an official category of 'religion'. However, after decades of cross-strait religious exchange—including pilgrimage, intra-temple interactions, visiting for temple-hosting conferences, cultural events and forums—the possibility of using popular religions as a united front tool emerged. Due to the influence of the Mazu belief on Taiwan's local politics, and its impact on cross-strait religious exchanges, the significance of Mazu belief was recognized by local governments in China, Chinese Taiwan Affairs Office system and UFWD of the CCP.

Since the 1980s, overseas pilgrims, especially those from Taiwan, sought ancestral temples of popular deities in China. China governments at local level responded these ancestral-temple pilgrimages in several ways: (1) Building ancestral temples for popular deities. These temples may or may not historically exist but are rebuilt as an invented tradition. (2) Assisting ancestral temples to invite Taiwanese believers, temples and organizations for visiting. Although the invitations came from the management body of temples, the Taiwan Affairs Office at local level usually participated in the arrangements. In the participatory

observations made by one of the authors of this chapter, Taiwan Affairs officials attended the major dinner banquets of the ceremonies as prominent local guests or the host of these banquets. United front work takes places beyond the dinner banquet table through name card exchange and socializing. (3) Organizing cultural events together with popular religious ceremonies. In some cases, united front work takes place through the program of these cultural events. For example, since 2009, the Cross-Strait Forum has organized the Mazu pilgrimage to Meizhou Island on Mazu's birthday so that only those pilgrimage groups with an invitation can participate in the grand ceremony.

Mutual visiting of temples in Taiwan and China is a common way to strengthen intra-temple relationships in the name of religious exchange, and it also serves as a platform for united front work (Ku and Hong 2017). For the trustee board members and worshippers of the ancestral temples in China, it serves as a retreat and provides an easier way to visit Taiwan because tourism to Taiwan is still restricted to the urban residents of specific cities. Symbolically, these tours are interpreted as 'deities on patrol'. For some Taiwanese worshippers and believers, these deities from ancestral temples have higher spiritual power and their patrol tours reconfirm the deities' territories. In addition, these visits to Taiwan are not exclusively organized by trustee boards of temples by are also organized by social organizations in China, such as semi-official associations even though they are registered as non-governmental organizations. The itineraries of these religious-cultural tours are not limited to temple visiting, but in some cases include visiting local organizations in Taiwan. Therefore, social connections strengthened by these religious exchanges go beyond cross-strait intra-temple interactions and also build connections between local-level social organizations in Taiwan and China. In some cases, the members of tour groups comprise media and officials in charge of Taiwan's affairs who want an opportunity to touch, build or strengthen connections with influential personals of local Taiwanese societies.

In addition, together with the increasing interactions between Mazu belief communities on both sides of Taiwan Strait, there emerges a cross-strait network interwoven with political and economic interests. Taiwanese politicians and temple board members occupy various positions in these networks and receive different types of dividends. Such a network becomes a possible channel of China's indirect influence on Taiwan's society. The following will pinpoint this cross-strait network in terms of node, activity, scale and other factors.

15.2.2 Nodes: Chinese Mazu Cultural Exchange Association and Taiwan Mazu Fellowship

At the beginning of November 2004, Chinese officials and the board member of Meizhou Mazu Ancestral Temple established the 'Chinese Mazu Culture Exchange Association' under governmental support. Overseas Mazu temple board members were invited to participate in the events for inauguration of this association, and the majority of invited guests were from Taiwan. We get a sense

of the Party's expectations towards the establishment of this semi-official association from the official greeting message below:

'Mazu culture is an important part of the outstanding Chinese traditional culture, and is a bridge and link that unites the sons and daughters of China at home and abroad. It helps promote exchanges and cooperation across the Taiwan Strait...the Chinese Mazu Culture Exchange Association has made new and great achievements in carrying forward traditional culture, expanding world influence, uniting the sons and daughters of China, and promoting cross-Strait exchanges.'[2]

The association hosts a wide range of cross-strait religious exchange activities related to Mazu belief. Through this association, semi-official or retired personnel in China play an important role in their visits to Taiwan in the name of Mazu-cultural exchange, and the board members of the Mazu temples and personals in related business in Taiwan make their political and business connections in China. It is very possible that via the religious exchange activities of Chinese Mazu Culture Exchange Association the UFWD has also established connections with different Mazu temple board members or related persons.

The main counterpart of the Chinese Mazu Culture Exchange Association in Taiwan is the Taiwan Mazu Fellowship, organized by Zhenlan temple in 2001, as mentioned above. Although not all Taiwanese Mazu temples are members of Taiwan Mazu Fellowship, this intra-temple association is a key actor in religious exchange between the two sides of the Taiwan Strait. The cultural exchange tours to Taiwan, usually organized by the Chinese Mazu Culture Exchange Association or by other semi-official associations, are constantly hosted by Taiwan Mazu Fellowship and hence Zhenlan temple is constantly a must-stop in these semi-officially arranged tours. As mentioned above, the members of tour groups are not exclusively mass believers but include media, local and/or central officials in Taiwan Affair Office or personnel in the Association for Relations Across the Taiwan Straits (ARATS). As such, Taiwan Mazu Fellowship has become an important venue through which China can send messages to or organize public activities with the religious community of Taiwanese Mazu believers. Although it is a non-governmental social organization, Taiwan Mazu Fellowship's political stance is pro-Kuomintang, and it has held evening galas and activities supporting Kuomintang candidates, such as Ma Ying-Jeou. In addition, the association is also friendly with the Chinese government. Its members often welcome visits from the Chinese government and Chinese officials at all levels. Although temple members may hold varied political attitudes, the leadership of Taiwan Mazu Fellowship, the trustee board of Zhenlan temple, shows its political tendencies publically, as mentioned above.

15.2.3 Activities: pilgrim mobilization

Noticing the fact that pilgrimage is an important religious practice in Mazu belief in Taiwan, politicians and officials on both sides of the Strait utilize the power of pilgrimage for political purposes so that Mazu pilgrimages are sometimes held under official sponsorship for political mobilization. After decades of cross-strait

Mazu pilgrimage, there has emerged a form of 'pilgrim mobilization', very different from those tours self-organized by believers' communities. These 'pilgrim mobilization' tours are intended for propaganda and political reasons. Although ordinary devotees and people who participate in such activities are only there for purely religious and sightseeing purposes, large-scale pilgrim mobilization is often advertised by China as an activity of 'Taiwanese caring for the motherland'. For example, during the Strait Forum held in Fujian in June each year, 'Mazu Culture Week' is also arranged. The Mazu-birthday ceremony, traditionally the main reason of Mazu pilgrimage, has become one of the most important symbolic events in Mazu Culture Week, and local officials and temple board members invite Taiwanese temple board members organizing pilgrims to participate the Mazu-birthday ceremony while also use the pilgrimage to solicit participants to join Straits Forum. In addition to launching pilgrim mobilization through large-scale ritual activities such as Mazu-birthday ceremony, Taiwan Affair Office and UFWD also frame these activities as a symbol representing 'cross-strait mutual understanding of unification'. In the past, pilgrim mobilization has relied on the well-known Mazu temples to host large-scale ritual activities. Nowadays, there is a new trend: complex mobilization strategies such as village-to-village or organization-to-organization mobilization are used and there are more small-scale activities hosted by different entities that are not necessarily Mazu temples. Therefore, the development of pilgrim mobilization is a topic worthy of continuing observation.

15.2.4 Scale: network reaching the grassroot society

For the Taiwan Affairs Office and UFWD, their tools to access mass opinions in Taiwan and their channels of communication to Taiwanese society in the early days of cross-strait exchanges were based upon their connections with Kuomintang senior or retired officials. However, during decades of cross-strait interactions, these tools and channels show their limits to specific social sectors. To get a wider access and reach out into grassroots level in Taiwan, the Taiwan Affairs Office and ARATS gradually made connections to different social sectors, among which attentions were paid to the social connections strengthening via decades of cross-strait religious exchange of Mazu belief. One of the authors of this chapter notes that in a religious-exchange tour during the 2016 Taiwanese presidential election, the chair of ARATS, Chen Deming, came to Taiwan a month prior to the presidential election. He went straight to Zhenlan temple to have a closed-door conversation with the heads of the neighborhood.[3] He later paid low-profile visits to several other famous Mazu temples in other areas and also arranged meetings not open to the public. The author learned through interviewing some of those who participated in the conversation that although the chair of ARATS did not directly mention his preference in the 2016 Taiwanese presidential election, he stated that he hoped everyone would vote with 'consideration on cross-Strait relations and make the best choice for that matter'. It could be said that through visiting these temples the chair of ARATS was trying

to access the grassroots level via the networks built in Mazu-belief cross-strait exchanges.

In addition to visiting and conveying messages directly at the grassroots level, relevant departments in China often relay official Chinese attitudes and messages through various meetings, events or news, and influence the media in Taiwan. Especially after the 2016 Taiwanese presidential election, we were able to read special coverage from China or in the pro-China media, such as a report about the forum held in Beijing on 'the Cultural System of Folk-Belief Temples Across the Strait in the Belt and Road Project', with special emphasis on folk beliefs are 'common beliefs across the strait with a tradition that are very difficult to abandon'. The report cited the statement from the chief of Tainan Xinheshun Baohe Temple in Taiwan that: 'the intra-temple cultural exchange between the two sides of the Strait has a long history. Both sides have an umbilical cord stemming from the historical linkage of the temples. It is an indisputable fact that many deities that are worshiped in Taiwan are from the mainland China. He disapproved over-political cross-strait interactions in these days and also emphasized the commonality in a lot of social and cultural activities, especially folk belief, on both sides of the strait.'[4] The other case of media reports regarded a fire incident on a sightseeing bus carrying mainland visitors; the reporter especially asked Yen Qingbiao, chief of Zhenlan temple to comment. Yen stated during the interview that Taiwan should provide an explanation to the mainland people since the accident occurred in Taiwan. He stated that after the accumulation of negative sentiment, it is hard to avoid the tough attitude from the mainland government to Taiwan. The Tsai government (in Taiwan) must show sincerity and properly handle issues. The longer it delays, the more dissatisfied the family members will be. However, both sides of the Strait should think about this, and it will not stop the demand for cross-Strait exchange between the people.[5][4] What is beneath the two news stories and messages is rather intriguing. The speeches made by local temple leaders shape the image that the Tsai government in Taiwan was blocking exchanges between the people from both sides of the strait. They imply that it is impossible to terminate the networks and relationships established under the common folk belief. Regardless of the opinions of the news media, or whether the content of this coverage accurately represents the respondents' statements, the emergence of such reports reveals a new trend: temple leaders are representing grassroots opinions. These statements from temple leaders of popular religions create an image that can be used, both for propaganda within China, and for the competition between political parties in Taiwan.

15.2.5 Motivation: dividends of the religious communities leaders

The changing cross-strait relations make it possible for Taiwanese Mazu temple board members, especially those from nationally well-known temples, to obtain political and economic dividends as CCP collaborators. Although there is still little empirical evidence confirming that local Chinese governments have given policy assistance or preferential treatment to Taiwanese businesspeople that are

Taiwanese Mazu temple board members. However, news reports and the authors' observation show that a considerable proportion of the board members from those nationally well-known Mazu temples in Taiwan have had better opportunities to make cross-strait social networks through various religious exchanges of Mazu belief. These networks can further help them to develop their careers and/or business in China. We have noted via media reports that three well-known Mazu temples in Taiwan have built up temples in China. Zhenlan temple, Beigang Chaotian Temple and Lugang Tianhou Temple have all established affiliated temples in China (in Tianjin, Xiamen and Kunshan). Building temples in China is a process involving land resources reserved for temple buildings and in these three cases for surrounding commercial zones aiming for local economic growth. Therefore, in these three cases there must be strong local networks for gaining official support on land permits and on requirements for other resources in the process. Being Involved in the building temple processes and also in other events related to cross-strait exchange of Mazu belief, temple board members from Taiwan constantly have to work with local related departments and also ask for opinions or assistance from those Mazu temple board members in China. In short, it is a networking process. For those Taiwanese Mazu temple board members with ambitions, such processes give plenty of opportunities to boost their careers and/or to find local business opportunities through such networking. In field research, one of the authors of this chapter observed that, at present, there are Taiwanese seats on the board committees of some of China's Mazu temples, who help to arrange pilgrimage or other Mazu-related visits from Taiwan. These Taiwanese representatives in China's Mazu temple board have a better chance to obtain political and economic benefits at local politics. Mazu temples hence serve as a social space for ambitious social actors to interact with each others and with the state, to build or strengthen connections with someone with local influence and also to gain insider information such as policy preferences of local governments. Nowadays, these ambitious social actors in China's Mazu temples include those from Taiwan. Through their Taiwanese status and their participation in Chinese Mazu temples, these ambitious temple board members from Taiwan can accumulate individual social capital on both sides of the Taiwan Strait. Therefore, some Taiwanese use donations and other means to obtain relevant positions in Chinese temples with expectation that these positions may increase their social capital for the development of their career and/or their businesses.

15.3 China's direct influences: inducements and dereferences from CCP-state apparatus in Taiwan's religious sectors

In the aforementioned cross-strait network related to Mazu belief, we note that China exerts its influence on Taiwan's society through direct influence mechanisms. Specific social sectors, in this case Taiwan's Mazu belief communities, are mobilized and local collaborators in Taiwan society are cultivated in the decades-long religious interactions. At the front stage of cross-strait religious exchanges, the prominent actors in China are social actors such as temples and Mazu-related

social organizations. Evidence showing those influences directly exerted by China through the CCP-state apparatus is hard to find. But if we look closely, we can sense the state's intentions behind the actions of these Mazu-related social organizations and, in some cases such as Chinese Mazu Culture Exchange Association, note the presence of the CCP-state.

The Chinese Mazu Culture Exchange Association is a national-level registered social organization, a GONGO. As with many social organizations in China, Chinese Mazu Culture Exchange Association pursues a strategy of voluntary co-optation and cooperation. Since its founding in 2004, the president of this association has been a former chair of Taimeng, a united front organization to Taiwan. Prominent Mazu temples in Taiwan have been invited to join as group members, and several seats of vice presidents have been kept to these members from Taiwan. In 2004, two out of six vice presidents were the trustee board chairs of Taiwan Mazu temples: Zhenlan temple and Chaotian temple. Today, five of the vice presidents are representatives from Taiwan's Mazu temples (Ku 2019).

Chinese Mazu Culture Exchange Association is organizationally under the supervision of the Ministry of Culture, and works cooperatively with city-level and provincial-level Taiwan Affairs Office in charge with Mazu pilgrimages from Taiwan. It is situated at the end of the top-down hierarchical channels of the CCP-state reaching to Taiwan's Mazu communities. With such a social organization as a channel, the CCP-state apparatuses do not have to act on the front stage but can still direct the performance of cross-strait religious exchanges. Such a mode of exert influence is less conspicuous and nonetheless effective. In fact, governing via state-controlled organizations is quite a conventional way of CCP's united-front work in religious fields.

15.4 Conclusion: The making of a cross-strait network of popular religion

This interaction and co-construction of religious development across the Strait has had different political implications on both sides of the strait. In this chapter, we have illuminated that the cross-strait religious exchange of Mazu beliefs is both religious practices and also political actions in the changing cross-Strait relations. The board members of Zhenlen temple in Taiwan organized a pilgrimage tour before the lifting of martial law in 1987 and confronted the cross-strait politics. They also represent the mass believers in Taiwanese Mazu belief communities and put their concern on the agenda of cross-strait policies. While it is possible for religious community leaders of Mazu belief to negotiate with the government and even challenge policy restrictions in Taiwan, the religious community leaders of Mazu belief on Meizhou Island in China gradually have been engaging with the local government to reclaim the cultural legitimacy in the religious revivals since the late 1970s. As many other cases of popular religions in China have found, the relationships with local government and/or the Party/state is a key factor in the revival and development of popular religion. In the case of Mazu belief in China, the trustee board of Meizhou Mazu Ancestral Temple Board has been reorganized

into a hybrid of religious leadership, local administration, and state-sponsored functional entities on cross-strait religious exchange, etc. so that it can be an efficient facilitator of the Party/state. The different action strategies of the religious communities leaders of Mazu belief are developed in the different relationships between state and popular religions in Taiwan and China.

In decades of cross-strait religious interactions, there emerges a political-economic network of cross-strait popular religion within which ambitious actors, including religious community leaders, politicians, and entrepreneurs, in exchange of different typed of dividends. Exchanges and interactions between the Mazu belief communities on the two sides of the Strait involve not only relationships and contacts among the community leaders, but also the relationships between state and popular religions on both sides. The asymmetry of state/religion dynamics in Taiwan and in China not only reshapes the trajectory of cross-strait religious development of Mazu belief but also makes Chinese government possible to develop a strategic usage of popular religion: a governance tool of united front work to Taiwanese religious communities.

Notes

1 Part of this chapter is revised from a previously published article of the authors. See Ku and Hong, 2017.
2 Jia Qinglin, chair of the Chinese People's Political Consultative Conference, delivered a greeting message or 'Congratulations Letter' at the founding ceremony of Chinese Mazu Culture Exchange Association. Source: *China Mazu,* 1: 6.
3 2015-12-01/United Daily News /A12
4 2016/07/19/ Want China Times. Source: http://www.chinatimes.com/newspapers/20160719000841-260302
5 http://www.cdnews.com.tw/cdnews_site/docDetail.jsp?coluid=111&docid=103769683

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Part IV

China's influence in peripheral sovereign states

Case studies from Indo-Pacific states

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16 China’s influence in Southeast Asia

No easy answers

Ja Ian Chong

China’s influence in and across Southeast Asia has steadily grown with its rising global prominence. Direct and indirect effects on the region from the Chinese Communist Party-state is unsurprising given geographic proximity and historically close political interactions. This converges with a desire in the region to enjoy the opportunities China promises with its vast market and ability to export capital. Beyond these advantages, however, there are significant challenges associated with China’s influence in the region to which Southeast Asian responses are ambivalent. Debates over whether and to what extent China might disrupt the prevailing international order and undermine stability are commonplace, as are questions over whether large-scale China’s infrastructure investment leads to ‘debt trap diplomacy’ (Chellaney, 2017).

China’s influence in Southeast Asia can unsettle the region by heightening uncertainties and putting pressure on existing fault lines even as it promises economic growth and prosperity. China’s interests and actions intersect with deep-seated concerns about institutions, and political stability across Southeast Asia in ways that go beyond the commercial benefits from Chinese economic prominence. Beijing naturally seeks to advance its interests in the region and avert developments that negatively affect those concerns. Chinese pursuit of these objectives can erode the ability of the main regional grouping, the Association of Southeast Asian Nations (ASEAN), to promote region-wide collaboration and put pressure on the social compacts holding various polities together. Southeast Asian states need to carefully manage the effects that follow from the uneven distribution of gains, costs and risks that come with enhanced engagement with China to ensure stable and sustainable cooperation.

16.1 Background: China’s changing policies toward Southeast Asia

Efforts from China to influence politics and society in Southeast Asia are not a new phenomenon and follow from physical proximity as well as the large number of ethnic Chinese in the region. Ethnic Chinese communities in Southeast Asia have been targets for political mobilization by political groups from China since the late 19th century. Anti-Manchu revolutionaries and Qing reformers alike

tried to recruit and fundraise from ethnic Chinese communities in Southeast Asia (Suryadinata, 2017). They included the Revolutionary Alliance and its successor, the Kuomintang (KMT). The Chinese Communist Party (CCP) likewise enjoyed close ties and cooperated with communist parties across Southeast Asia since the 1930s (Owens, 2015).

China's Communist government supported revolutionary communist movements in Southeast Asia leading up to and during the Cultural Revolution but reduced these activities following Opening and Reform from the late 1970s. They enjoyed especially strong ties with the Partai Komunis Indonesia (PKI) until its purge in 1965 and Cambodia's Khmer Rouge, but also provided material support to Thai and Burmese communist parties (Ang, 2018; Mertha, 2014). In cultivating ties with Southeast Asian communists, Beijing often mobilized local ethnic Chinese communities to these causes (Ang, 2018; Suryadinata, 1997). Economic reforms from the late 1970s spelt a need for more cooperative relations with China's neighbors, which saw Beijing's efforts to build commercial links with ethnic Chinese communities supersede overtly political goals (Suryadinata, 2017). Excepting issues pertaining to Taiwan, the Chinese party-state avoided involvement in local politics until recently.

Lingering distaste from past Chinese partisanship, dormant communal tensions and colonialism mean lingering apprehension toward China across Southeast Asia. Ambivalence over China is particularly acute in Vietnam, against which China fought a border war in 1979 and whose national identity includes ideas of resistance against Chinese occupation (Ang, 2018). Histories of unrest and violence revolving around ethnic Chinese communities and their apparent ties to China likewise make Beijing's outreach efforts to co-ethnics in Indonesia, Malaysia and Singapore particularly sensitive. Wrongly handled relations with ethnic Chinese communities, governments and other ethnic groups have the potential of sparking local backlash. Memories of colonial exploitation further mean that perceptions of a powerful China trying to manipulate domestic politics can cause uneasiness across Southeast Asia.

16.2 China's direct influence: economic and diplomatic mechanisms

16.2.1 Economic influence mechanisms: The leverages of an economic giant

Dealing with the world's second largest economy has made Southeast Asian states and societies particularly sensitive toward Beijing's proclivities. Regional actors gain from being able to plug into globalized production networks centering on China, selling everything from commodities to components, finished products and services to China's vast market (Kim, 2015: 134–66). Chinese firms, many of them state-owned, are sources of capital, which are especially important for economies looking for investment in major infrastructure projects where returns may take decades to realize (Wang, 2017). These dynamics mean that economies in Southeast Asia are intrinsically linked with China, just as they with Europe,

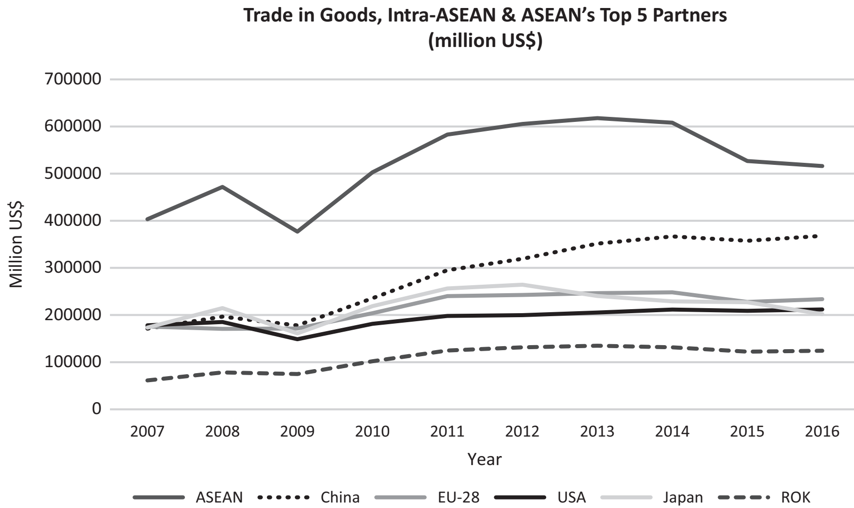

Figure 16.1 Top ASEAN trading partners in goods, 2007–2016. Source: ASEAN Statistical Yearbook (2016/2017)

Japan and North America. Given Beijing's willingness to use commercial and economic issues to advance political ends, Southeast Asian states and businesses are increasingly wary about differing with China.

A reason behind China's economic heft in Southeast Asia comes from the fact that it is ASEAN's largest external trading partner in goods and the biggest non-ASEAN trading partner in goods for every ASEAN member state, evident from the Figure 16.1 below.

Much of this trade has to do with the fact that factories in China assemble products with Southeast Asian inputs and components for sale to consumers in North America, Europe and Japan (Kim, 2015). Growth in demand for consumer products inside China's massive domestic market is another driver of Southeast Asia-China trade. Governments and business see the trading relationship with China as costly to jeopardize, although the value of intra-ASEAN transactions still outstrips that of ASEAN-PRC trade. Expectations of economic damage discourage Southeast Asian states and business communities from taking up positions Beijing frowns upon, often regardless of Beijing's record of success for extracting desired concessions using economic instruments.

Moreover, Southeast Asia is a major investment destination for Beijing's 'Belt and Road Initiative' (BRI) that exports excess Chinese capital to less developed economies in need of infrastructure development. This despite the fact that the overall value of China's investment falls short of that from Europe, Japan and the United States—seen in Figures 16.2 and 16.3 below—due mainly to private sector investment. Note that no clear figure exists for the total value of BRI investments (Hillman, 2018).

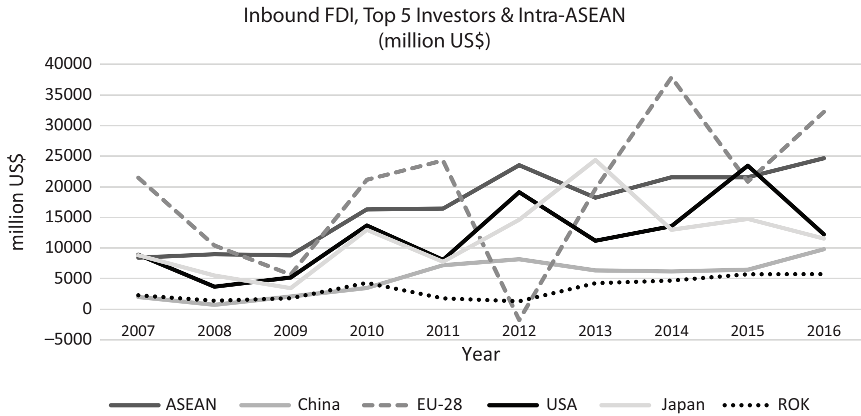

Figure 16.2 Top 5 Investors in ASEAN by value of FDI, 2007–2016. Source: ASEANStats

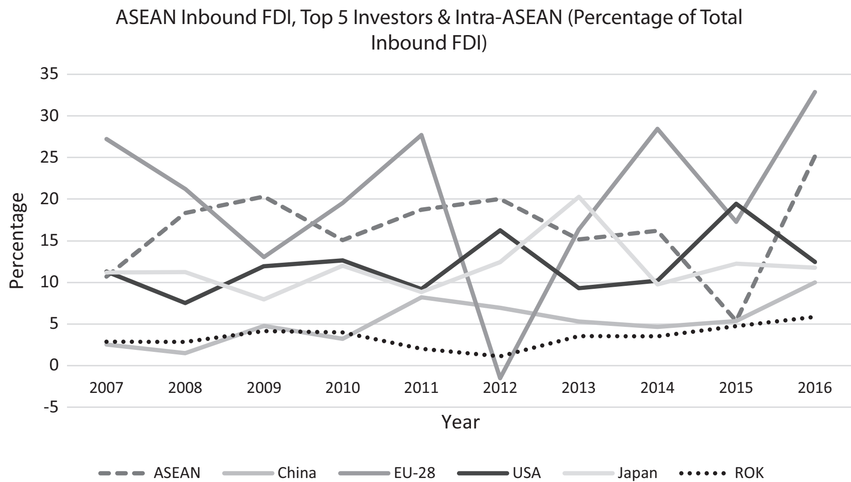

Figure 16.3 Top 5 Investors in ASEAN by percentage of total FDI, 2007–2016. Source: ASEANStats

PRC investment—often, but not always, state-linked—is particularly important for such expensive, large-scale infrastructure projects as highways, railways, airports, ports and hydroelectric dams, as well as property development (Wang, 2017). Many Southeast Asian states see these projects as key for long-term development, which further encourages reticence in addressing issues Beijing finds inconvenient. Economic gains give regional governments reason to not oppose, if not facilitate, the advancement of PRC positions, especially since Chinese capital often excludes governance demands common to European, Japanese and North American alternatives.

Singaporean businesses and the Singapore state, for instance, seemed concerned about the potentially negative effects on trade that could arise from differences with Beijing over the application of the United Nations Convention on the Law of the Sea (UNCLOS) to the South China Sea (Tan, 2016). In the period leading up to and immediately following the Arbitral Tribunal ruling over South China Sea maritime features, official positions in Singapore and Beijing differed over the authority of the tribunal and the degree to which its rulings are binding (PRC Foreign Ministry, 2014; PRC Foreign Ministry, 2016; Singapore Foreign Ministry, 2016). In the five years between 2012 and 2017, China's state-backed media made several attacks on Singapore's position that online commentators consistently echoed, culminating in the detention in Hong Kong of Singapore armored vehicles *en route* from exercises in Taiwan (BBC Chinese, 2016; Hu, 2016; Tianya, 2017). Local businesses and Singapore's officially-backed mainstream media reflected concerns about Chinese pressure on Singapore firms and projects because of these tensions, occasionally referencing recent Chinese sanctions of Japan, South Korea and Taiwan (Kausikan, 2016). For all Singapore's insistence on maintaining 'rule of law' and a 'ruled-based order' regarding the South China Sea, its officials shied away from identifying departures from such rules and their enforcement (Ng, 2018).

Entwinement with China's development plans gives Southeast Asian states other reasons for caution in their relations with Beijing. Dam construction on the upper reaches of major rivers like the Mekong inside China has the potential to alter the environment and livelihoods in mainland Southeast Asia (Ho, 2014). This includes not only regional states engaged in the Greater Mekong Subregion (GMS) development with China—Cambodia, Laos, Myanmar and Vietnam—but also Thailand. China's economic heft even prompted the Lao, Myanmar and Thai governments to give China's cross-border law enforcement rights in joint patrols on the Mekong River (Bangkok Post, 2013; China Daily, 2018). Then there are commodity export dependent economies like Brunei and Laos that count China as a major export market and wary of friction with Beijing (ASEAN Secretariat, 2018b). Brunei is especially welcoming of China's investment under the BRI as it faces the depletion of its oil and gas reserves, which may also help explain the Sultanate's passivity over its South China Sea claims (Jennings, 2018).

Extensive Chinese economic reach in Southeast Asia creates friction in indirect and complicated ways. Some of the tension in the South China Sea resulted from standoffs among fishing fleets from China and various Southeast Asian states, notably Vietnam, the Philippines and Indonesia, helping fuel nationalist sentiment on all sides (Etzler, 2013). Behind this dynamic is the drastic fall in fish stocks in the northern sector of the South China Sea, which sharpened fisheries competition (Tsirbas, 2017). This result of overfishing and the absence of a proper regulatory framework for fisheries, drives commercial fishing fleets further south—notably those of China and Vietnam—into the Indonesian Exclusive Economic Zone. The Indonesian fishing industry and state see Chinese, Filipino, Malaysian and Vietnamese ships as encroaching on their traditional fishing grounds, seeking

to impound and sink these vessels—even as Indonesia seeks BRI infrastructure investment in rail and highways (Associated Press, 2018; Jakarta Post, 2018).

16.2.2 Diplomatic influence: Adjustment or shift of diplomatic rules?

Associated with China's growing economic and political prominence is its effects on the international laws, rules, institutions and norms that have sustained regional cooperation within Southeast Asia. Since the end of World War II, regional states that successfully integrated into the US-backed liberal international economic and security order enjoyed substantial economic prosperity (Ikenberry, 2001). First the General Agreement in Tariffs and Trade, while the International Monetary Fund fostered financial stability. The United Nations system, alongside the network of US security alliances and forward military presence in Asia, helped impose an absence of major regional conflict—the Korean and Indochina Wars were geographically limited, even if bloody, tragic and devastating. Southeast Asian countries from Brunei to Indonesia, Malaysia, the Philippines, Singapore and Thailand were able to gain from access to markets in and capital from the United States and Japan.

The US-backed international system provided the foundation for linking China's economy with that of Southeast Asia and the rest of the world, especially as Beijing engaged in Opening and Reform (Ikenberry, 2012). For a time Beijing seemed happy to accept prevailing rules, norms, and practices, as its economy gained substantively from such integration. Moreover, Beijing could freeride on the US security system and not worry about challenges to its security as might otherwise be the case.

However, Beijing now seems ready to leave its own lasting imprint on the existing order. Beijing's sponsorship of the New Development Bank (NDB) centered around the grouping of Brazil, Russia, India, China and South Africa as well as the Asia Infrastructure Investment Bank (AIIB) are seemingly efforts to adjust existing development financing practices (Griffith-Jones, 2014). Beijing also established international courts to arbitrate disputes arising from BRI projects that may depart more established common law practices (Xinhua, 2018). The AIIB and BRI courts are especially relevant to Southeast Asia given engagement with the BRI, especially when practices relating to tender, contract enforcement and dispute resolution depart from established international practices, including demands on transparency.

Beyond economic institutions, China appears to be at a point where it is ready to question other pillars of the international system. This was apparent in China's refusal to participate in the Arbitral Tribunal proceedings the Philippines brought to clarify South China Sea claims as well as its criticism of the entire procedure and its legitimacy (PRC Foreign Ministry, 2014; Chinese Foreign Ministry, 2016). According to Chinese Foreign Minister, Wang Yi:

> The award given by the Arbitral Tribunal violates China's lawful rights. It challenges the norms of international law, including respect for sovereignty and territorial integrity. It undermines the sanctity and integrity of the system

> of international law of the sea, and has a negative impact on the rules of the region established on the basis of the DOC. The establishment of the Arbitral Tribunal has no legitimacy and the Arbitral Tribunal has no jurisdiction over the case. The award is clearly out of the Arbitral Tribunal's acts of self-expansion of power and ultra vires, and has no legal effect.
>
> (Wang, 2016)

Moreover, Beijing disputes the tribunal's ruling that the artificial islands it reclaimed in the South China Sea cannot possess a 12 nautical mile territorial sea under UNCLOS and insists on its own legal interpretation (Ali and Blanchard, 2018; Mensah *et al*, 2016). This despite the fact that the arbitral tribunal is a process for managing disputes under the United Nations Convention on the Law of the Sea (UNCLOS) that China signed and ratified. Such behavior comes as China asserts that it seeks to support and innovate on the existing international order when the US is less consistent with its participation.

16.3 China's indirect influence: co-optation and mobilization of CCP collaborators networks

16.3.1 Cultivating local power holders

Related to China's economic prominence in Southeast Asia is an emerging pattern of political support for politicians, political parties and other political actors in the region from Beijing. The rationale for working with, even supporting, prominent local political actors at various levels is understandable. In environments where institutions such as the rule of law are weaker, collaborating with power holders is one way to ensure compliance with contracts and the protection of investments. Those familiar with working outside major urban centers in China are no strangers to such approaches. Indeed, Chinese firms and the state itself seem to be working more closely with various sorts of political actors across Southeast Asia as regional economies become more intertwined with that of China.

The political effects that follow from China's investment in Southeast Asia are perhaps most striking in Cambodia. Apart from being Cambodia's largest non-ASEAN trading partner, much of the country's development in infrastructure and property as well as the associated economic growth is a result of the inflow of Chinese money (ASEAN Secretariat, 2018a; ASEAN Secretariat 2018b). China seems particularly supportive of the Cambodian People's Party (CPP) led by Prime Minister Hun Sen. Beijing extended significant assistance in the construction of government buildings, military and police modernization, and the training of civil servants throughout Hun Sen and the CPP's tenure (PRC Foreign Ministry, 2018). Some evidence suggests that Beijing even assisted Hun Sen and the CPP during the 2018 Cambodian general elections (Allard and Thul, 2018). Suspicion exists that such investment is a reason the Phnom Penh government has a record of breaking ASEAN consensus on issues Beijing finds embarrassing, such as on statements about restraint over territorial disputes in the South China Sea in 2012 and 2016 (Shanmugam, 2012; Baliga and Sokheng, 2016).

The close relationship between China's economic cooperation and political support, while rarely admitted directly, are observable too in the Philippines. President Roderigo Duterte admitted that China-linked businesspeople were a source of funding for his 2016 election campaign (Frialde, 2016). After Duterte's inauguration, China extended high-value, low interest loans to the Philippines under the BRI, although questions about the realization of these promises subsequently arose (Estrada, 2018; Koutsoukis and Yap, 2018). A supposed understanding behind the arrangement between Beijing and Manila, however, was for the latter to 'set aside' the 2016 ruling by the Arbitral Tribunal on the South China Sea (Duterte, 2016a). The ruling clarified that maritime features in areas under dispute with Beijing are capable of generating territorial claims that allow China to treat the area within its unilaterally declared Nine-Dashed Lines as territorial waters (Mensah *et al*, 2016). Under President Duterte, Manila is also de-emphasizing longstanding security and political links with the United States with Beijing's alleged encouragement (Duterte, 2016b; Newman and McCarthy, 2020).

Likewise, China's investment and financial support as well allegedly explain Malaysia's relative silence over the South China Sea dispute under the Najib Razak administration, despite Putrajaya being one of the disputants. Low interest loans for multiple BRI-linked infrastructure projects from China's supported then-Malaysian Prime Minister Najib Razak's development plans (Lee, 2018b). These occurred even as Beijing extended opportunities to Malaysian businesses associated with the then-ruling coalition, the Barisan Nasional (BN) (Free Malaysia Today, 2017). Financing and commercial opportunities from Beijing supposedly helped Najib cover huge debts incurred by a massive, multi-billion-dollar corruption scandal (Venkat and Carew, 2015). Allegations are that money from Beijing helped Najib disburse resources to maintain political support both within the BN and among voters even as he, his family members, and close associates siphoned money for personal benefit.

Beijing's apparent political support for various local political actors, alongside significant loans for major infrastructure projects, seems to help it achieve a range of goals. China's diplomatic and economic support for the Thai military government, including aid on high-speed rail construction, seems to have secured acquiescence over the kidnap of Chinese and Uighur dissidents in Thai territory (Hewison, 2016; Yuvjevwattana and Worrachate, 2018). This comes on top of relative silence over the South China Sea. Cooperation with first the military junta in Myanmar and then the National League for Democracy administration of Aung San Suu Kyi allowed for the construction of large-scale infrastructure including a port and an oil pipeline to diversify China's maritime access (Aung, 2017). That said, Beijing also seems open to allowing armed political groups to operate across the Myanmar-PRC border, a situation that resulted in a minor crisis when Myanmar fighter aircraft dropped bombs across the border in 2015 (BBC News, 2015).

China's efforts to work with various local political actors to secure its interests is common among major powers, and echoes past actions by Chinese regimes.

Both the United States and Soviet Union worked with local politicians, parties and other groups to protect their interests in various locales during the Cold War, as did China in Angola, Mozambique, Tanzania and Zambia (Taylor, 2007). European major powers and Japan favored indigenous actors who could advance their positions across Asia and Africa during the late 19th and early 20th centuries. The Qing empire too backed the Nguyen and Joseon dynasties through the late 19th century to maintain prominence over Vietnam and Korea, respectively. Beijing's extension of assistance to local actors that enable it to forward and defend its interests in and around a polity may simply be a contemporary reiteration of well-worn major powers policies.

16.3.2 The power of culture and ethnicity

Another element of China's influence in Southeast Asia is a sub-national appeal to ethnic Chinese communities. The Overseas Chinese Affairs Office (OCAO, or *Qiaoban*) and the local embassy or consulate run such outreach efforts, which seek to build ties with local ethnic Chinese communities to explore business opportunities, solicit advice, and sometimes mobilize in support of China's causes (Suryadinata, 2017: 23–50). The mobilization aspect of interactions with local ethnic Chinese communities took a more evidently political quality with an official call for Chinese overseas to help forward China's interests and the subsequent subordination of the OCAO under the United Front Work Department (UFWD) (Li, 2013; OCAO, 2018). Attempts to have ethnic Chinese communities support PRC political priorities echo efforts by the Revolutionary Alliance and KMT from the late 19th through mid-20th centuries as well as the export of revolution by the CCP during the Cold War (Suryadinata, 2017: 3–22). The rationale for appealing to ethnic Chinese communities in Southeast Asia rests on expectations of cultural and linguistic affinities that accompany ideas about transnational nationalism dating to the late 19th century.

Reasoning behind Beijing's apparent contemporary appeals to ethnic Chinese communities builds on longstanding instincts to merge ideas about Chinese culture and Han ethnicity with loyalty to a Chinese state. Attempts to manage interpretations of 'Chinese-ness' had its roots in efforts to mobilize ethnic Chinese communities worldwide to sacrifice blood and treasure for everything from overthrowing the Qing empire to fighting Imperial Japan and backing Mao's revolution (Suryadinata, 2017: 3–22). Today, Beijing's apparent focus is the softening opposition to PRC interests including claims on the South China Sea and Taiwan, repression of minorities in Xinjiang and Tibet and curtailing US military presence in Asia. Beijing emphasizes the distinctiveness of Chinese culture that link ethnic Chinese communities to provincial, municipal, and county jurisdictions in China, sometimes via embassies and consulates (FROC, 2016: 5, 10, 31, 41). Beijing recently launched a long-term visa that provides residency, education and employment privileges for ethnic Chinese outside China akin to those extended to Hong Kongers and Taiwan citizens, whom China claims as nationals (PRC Ministry of Public Security, 2018).

PRC cultural outreach efforts toward ethnic Chinese communities in Southeast Asia are more obvious in Malaysia and Singapore, places where ethnic Chinese numbers are more sizeable. Ethnic Chinese in Malaysia and Singapore account for 23 percent and 75 percent of their respective populations (Malaysia Department of Statistics, 2018; Singapore Department of Statistics, 2017: 5). Beijing has publicly expressed strong affinity with ethnic Chinese in Malaysia, working to assist Mandarin-medium schools, arrange visits to ancestral villages in China, and extend at least moral support to the former ruling BN's ethnic Chinese partner party, the Malaysian Chinese Association (MCA) (Chan, 2017c; Ignatius, 2017). In 2015, China's then-ambassador to Malaysia, Huang Huikang toured Kuala Lumpur's Chinatown and made a public statement in anticipation of a pro-Malay rally, actions which suggested that Beijing was casting itself a 'protector' of Malaysia's ethnic Chinese (Chan, 2017; Latiff, 2015). The appearance of China's diplomats alongside canvassing BN and MCA politicians before Malaysia's 2018 General Elections fueled further speculation that Beijing was seeking to use cultural representation to shore up support for BN among ethnic Chinese voters in Malaysia (Chan, 2017).

In Singapore, China's cultural outreach parallel those seen in Malaysia. Temple networks, business associations, as well as clan and native place associations, including those working on integrating new China's migrants, have links with county and provincial authorities in China on one side and Singaporean political figures and state-related entities on the other (Leong, 2016). United Front and CCP personnel visit Singapore and help organize subsidized 'home visits' for young ethnic Chinese Singaporeans to ancestral villages and have on occasion indicated that their office is always open to assist ethnic Chinese Singaporeans (Qin, 2018; SFCCA; Singapore Tung Ann District Guild, 2013). At least one Singaporean association leader even attended the United Front-backed Chinese People's Political Consultative Conference (CPPCC) and periodically featured as a bridge between China and Singapore in China's official media, again mirroring outreach efforts toward Taiwan and Hong Kong (Wang, 2018). China-based backing appears behind at least two Singapore-registered think tanks that take ostensibly pro-PRC positions.

During the period of heightened tension between Singapore and Beijing from 2012 to 2017, individuals associated with the entities periodically released public and private statements to the press that discourage the articulation of divergence from PRC positions. Their reasoning was that being a majority ethnic Chinese society, Singapore should understand Beijing's position and not complicate matters for China if it is unable to be supportive (Tianya, 2017). There were further intimations that taking stances that Beijing disapproved or overly cozy defense relations with the United States could lead to commercial losses (Ai, 2016; Tianya, 2009). In response to the opening of a physically imposing China Cultural Center promoting culture from China by Xi Jinping, Singapore created a Singapore Chinese Culture Center (SCCC) (Nanyang Shijie, 2015). At the opening and anniversary of the SCCC, Singapore Prime Minister Lee Hsien Loong stressed that ethnic Chinese culture in Singapore is 'unique', a claim he reiterated when

commemorating the 95th anniversary of Singapore's main Mandarin-language newspaper (Lee, 2017; Lee, 2018a).

Given contiguity and proximity, China's cultural outreach efforts are as well active in northern Thailand and Myanmar. There has been a longstanding contest for the loyalties of ethnic Chinese communities between the CCP and the KMT since the end of the Chinese Civil War, given that some remnant KMT forces retreated to these regions (Han, 2017). Taipei and the CIA periodically used these KMT troops to engage in disruption campaigns in China, but such influence waned with the growing indigenous focus of politics in Taiwan. The resulting rise in China's influence among ethnic Chinese communities in these areas provide Beijing with commercial and cultural bridgeheads into Thailand and Myanmar. Such influence has occasionally translated into nudging central governments in Bangkok and Naypyidaw to be more sensitive toward Beijing's local commercial and border concerns.

16.4 Counter-Chinese influence mobilization in Southeast Asia: Risks, return and uncertainty

China's influence across Southeast Asia stem from several motivations grounded in Beijing's interests in the region. One is to ensure that trade and investment between China and its different Southeast Asian partners carry on smoothly. Beijing is ready to work with politicians, political parties, local power holders, and community groups in host countries to prevent financial, contractual, and physical disruption to its investments, especially major, high profile infrastructure projects relating to the BRI. Additionally, Beijing seems ready to use its connections with governments and prominent political figures to disrupt developments that may have a negative effect on issues it deems important. They include preventing the emergence of common ASEAN positions Beijing believes complicates its claims and actions in the South China Sea, fostering domestic criticism of official positions that diverge from China's preferences, and even discouragement of security cooperation with Washington.

Even though China's actions to secure and advance its interest in Southeast Asia are unsurprising, they can nonetheless have broader deleterious effects for the region. In using intra-ASEAN divisions and the grouping's dependence on consensus to stymie the development of common ASEAN positions on such issues as the South China Sea, Beijing exacerbates longstanding tensions and suspicions within the grouping that prevents closer ASEAN cooperation (Chan, 2017). Repeatedly manipulating ASEAN disunity pushes the grouping toward stasis and degrades effectiveness. Such conditions prevent ASEAN from becoming a more able platform for collective bargaining vis-à-vis more powerful actors in the region, including China. This trajectory also renders ASEAN less able to manage affairs in its own region and undermines ASEAN's ability to cushion US-PRC rivalry in Southeast Asia, in turn spelling more direct, unadulterated and potentially escalatory contestation between Washington and Beijing.

Lobbying interlocutors in host countries is common diplomatic behavior, but Beijing's willingness to extend more direct and active support to local political actors in host states carries destabilizing potential. Pushing the Myanmar government to support the completion of the Myitsone dam resulted in backlash from local groups that the project would displace and threatened wider instability in the country, leading to the suspension of construction (S. Chan, 2017). The extension of cheap infrastructure development loans to help the Najib administration cover losses from extensive corruption led to accusations of China's interference in Malaysian politics which contributed to the collapse of the BN administration (Han, 2018). Political and financial support to prominent political parties and politicians in Cambodia, Thailand, and the Philippines too can lead to inadvertent and destabilizing political upheaval. The Cold War and colonialism show that involvement in local politics can bring unexpected and negative second- and third-order effects even if they come with beneficial infrastructure and other economic projects. That Beijing seems to be repeating such action is ironic.

Particularly worrisome in Southeast Asia is Beijing's eagerness to use ethnicity forward its interest and apply pressure to regional states and societies. Diversity is one of Southeast Asia's strengths, but mishandled, it can also be disruptive and even violent—particularly given the checkered history of relations with ethnic Chinese in the region (Suryadinata, 1997). Tensions between ethnic Chinese and other groups erupted into large-scale violence in Malaysia, Singapore, and Indonesia during the 1960s and again as recently as 1998 in Indonesia (Suryadinata, 2017: 3–65). Managed wrongly or carelessly, efforts to mobilize support among ethnic Chinese can exacerbate inter-ethnic fault lines, fuel suspicions that ethnic Chinese communities are a subversive fifth column, and result in inter-communal tensions, even violence (Zhou, 2015). Anti-ethnic Chinese and anti-PRC sentiment over trade and BRI projects in Indonesia, leading to the 2018 Malaysian general elections, as well as tensions over new migrants from China in Singapore are warning signs about Beijing's ethnically-based outreach (ASEAN Today, 2018; Gelling, 2010; Jacobs, 2012).

Economic engagement and entwinement between China and Southeast Asia too can have its drawbacks. Lowered trade barriers mean that cheaper manufacturers from China can crowd out local substitutes, driving firms out of business and raising unemployment. Whether realized or not, such concerns can add to local animosity toward Beijing, as seen with protests in Indonesia after the ASEAN-China Free Trade Agreement (ACFTA) came into force (Gelling, 2010). Local friction can result to the extent that China's investment in Southeast Asia does not bring anticipated results whether in terms of loan conditions, employment, compensation, quality, or schedule, as with high-speed rail projects in Thailand and Indonesia (Chaitrong, 2017; Suzuki, 2017). Such developments may not be Beijing's fault, but a lack of transparency and understanding over terms of economic cooperation, untested arbitral and dispute resolution processes, as well as China's political and economic prominence means that it may end up as a primary target of local ire.

Beijing's influence in Southeast Asia today is pervasive in scale and scope. Like other major powers, China understandably wants to use its ability to affect regional relations, national level policies and societal perceptions in ways that benefit itself, and will face local criticism for doing so—as seen from China's own history. These concerns may pertain to claims over the South China Sea, the treatment of minorities, predilections with Taiwan and Hong Kong or expanding commercial possibilities at home and abroad. The consequences of such actions can challenge regional and local stability in Southeast Asia even if this is not Beijing's intention, undercutting the positive effects of economic and diplomatic engagement. Suspicion and ill-will toward Beijing arising from the overt and unintended consequences on Southeast Asia will not simply disappear with more money or business opportunities.

The developments above are occurring against a background of greater uncertainty over international rules, norms and practices in ways that Beijing partially backs. Given China's efforts to shift international financing and dispute management practices, especially those associated with major projects under the BRI, involved Southeast Asian governments may find that they must work with unfamiliar approaches and regulations. Likewise, a loosening of compliance with more evenhanded international laws like UNCLOS when it comes to managing maritime disputes may place interested Southeast Asian states at a disadvantage when dealing with powerful actors like China. The substance and effectiveness of arrangements that aim to address differences with China, such as a South China Sea Code of Conduct, may well reflect drastic power asymmetries (Thu, 2018; Thayer, 2018). That the United States under the Trump administration is highly skeptical of international laws, multilateral arrangements, and a United Nations system that stresses juridical equality among states places Southeast Asian states at a further disadvantage.

16.5 Great-power competition: Sino-US contention in Southeast Asia

The manner and degree to which Beijing's actions affect Southeast Asia grew with China's increase in global economic and political prominence. They look set to rise some more in relative terms as US engagement with the world becomes more uncertain. Beijing's massive wealth and array of capabilities mean that its behavior will disproportionately affect Southeast Asia and will far outstrip any social, political, economic or diplomatic influence Southeast Asia can have on China. Anything that Beijing does or does not do will be more watched, weighed, analyzed, critiqued and responded to in Southeast Asia than any other actor, except perhaps the United States. Much as Beijing may find some of this attention uncomfortable, even unwelcome, it is a feature of being a pre-eminent power. Attempts to pass China itself off as 'a developing economy' will no longer work and should behoove Beijing to be mindful of its actions as well as the second- and third-order effects that are sure to follow.

Beijing's motivations and mechanisms for influence in Southeast Asia, and their effects belie assertions of Chinese exceptionalism. China clearly engages in efforts

to entice, entreaty, encourage and even enforce behavior by Southeast Asian governments that is consistent with its interests. That such action takes the form of everything from regular diplomatic means to the support of local political actors and the mobilization of civic groups challenges Beijing's claim that it unequivocally 'does not interfere in the domestic affairs' of other states on principle (Brown, 2013). When pressed about the onerous debt burden BRI projects place on developing states and the disproportionate political leverage this provides Beijing, for instance, officials repeatedly insist that these are purely for development and involve 'no political interests' (Xiao, 2018). A reading of the BRI and China's efforts to ensure success is that they seem to contain elements that parallel earlier efforts by European and North American powers as well as Japan to use infrastructure-building debt to direct Qing and Republican policies and secure strategic access.

Should the current trajectory of China's behavior toward Southeast Asia persist, the region is set to see greater tension and even instability as Beijing's contestation with an unpredictable United States unfolds. Uncoordinated Southeast Asian attempts to 'not choose' between Washington and Beijing will not shield regional states from rising major power friction, especially as the overlap in interests between the United States and China shrinks (Chong, 2018). A more effective response is for Southeast Asian governments to cooperate to remove reasons for competition. Chinese actions that undercut solidarity among regional states, US inattention and chronic underinvestment in ASEAN mean that the region is less ready to manage an intensified China-US rivalry, and ASEAN centrality may well be for naught. Southeast Asian governments should treat China like any other major power jostling for advantage in the region even if just to safeguard their basic interests. However, the indigenous ability to develop such approaches is unclear given regional collective action challenges and China's pervasive influence.

Contentiousness and friction between the United States and China have become more apparent since 2018, leaving Southeast Asian states and ASEAN increasingly caught in the middle. Washington and Beijing have been engaging in an acrimonious and escalating trade war that has seen tariffs imposed on goods worth several hundred billion US dollars (Pong *et al*, 2018). US and Chinese warships and aircraft have become bolder in challenging each other in disputed waters in and airspace over the South China Sea and elsewhere (Goddard, 2018). Official documents and military preparedness indicate that both sides are increasingly seeing each other as adversaries, a view that seems to cross partisan lines in the United States. These tensions were apparent in the speeches made by Chinese President Xi Jinping and US Vice-President Mike Pence at the November 2018 APEC Summit, which saw particularly abrasive PRC attempts to block a joint statement (Rogin, 2018).

16.6 Conclusion: Where should Southeast Asian states stand?

If Chinese attempts to pressure the Papua New Guinea government at the 2018 APEC Summit are any indication, Beijing is likely to use the vast and various means at its disposal in countries where it enjoys significant influence. Like many economies in Southeast Asia, there is significant Chinese investment in and trade

with Papua New Guinea accompanied by a visible in-country Chinese presence. Such conditions apparently give China the confidence that it can press Papua New Guinea into submission, and there is little reason to expect Beijing to avoid taking similar steps in Southeast Asia.

Should a Southeast Asian state fall into the crosshairs of US-China competition, the possibility that China—and the United States—will use their tools of direct and indirect influence to shape that government's choices is non-trivial. Such actions have the potential to be highly disruptive for the states and societies in question. Given the extensive engagement of Southeast Asian societies, economics and politics with China, regional states would do well to consider responses to these pressures and realities more than is currently the case.

Nonetheless, signs of growing wariness and uneasiness toward the nature of China's influence are appearing across Southeast Asia (Stromseth, 2019). These concerns dovetail with renewed US anxieties toward its position in the region (Kliman, 2019). The shape and extent of such developments remain uncertain at best, given the persistence and salience of the crosscutting political, social and economic considerations. Economic and social fallout from the global novel coronavirus pandemic that originated from China, and was exacerbated initially by official cover-up, make prospects for Southeast Asian responses to Chinese influence activities even less clear (Hamid, 2020). States and societies may end up beholden to PRC assistance or engage in more concerted resistance stemming from greater scepticism of China.

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17 China's influence in South Asia

Under the shadow of the Sino-Indian relationship

Chietigj Bajpaee

This chapter will discuss China's direct and indirect influence mechanisms in South Asia and the response by regional powers to Beijing's growing projection of power into the region. It will also discuss how Beijing has sought to readjust its influence mechanisms in the face of local resistance. Internal developments in South Asian states have often served as institutional safeguards against China's expanding regional influence. Even countries characterised as imperfect or illiberal democracies have tried to resist China's expanding influence through the electoral process, vocal media and local civil society groups.

This counter-mobilisation or 'center-periphery tug of war' is exacerbated by China's often-fractious relationship with India, a country that has maintained a longstanding aversion to an expanded Chinese influence in the region. This has served to complicate China's interaction with South Asia as it is often seen through the broader prism of the Sino-Indian relationship (Garver, 2001). This has added a geopolitical component to even benign commercial, cultural and people-to-people interactions. As the geopolitical center of South Asia, India has often served as a hub for efforts to resist China's expanding regional influence. Sometimes this has been implicit with New Delhi spearheading regional initiatives that exclude China. On other occasions, India's resistance to China has been more explicit as noted by New Delhi's opposition to the China-Pakistan Economic Corridor (CPEC).

Moreover, as India's power projection capabilities have grown there has been a concomitant drive by New Delhi to expand its influence in its own 'extended neighbourhood', including areas around China's periphery (Scott, 2009). This has included reaching out to countries that maintain a history of difficult relations with China, such as Vietnam. The ability of India to counter-balance China's growing influence in South Asia by strengthening its own presence in East Asia has prompted Beijing to recalibrate its approach towards the region. As India's power and influence grows, China's relations with individual states in South Asia will become increasingly entangled with the broader contours of the Sino-Indian relationship.

This chapter will discuss the factors that have driven Beijing's enhanced engagement with the region in the post-Cold War period and the direct and indirect influence mechanisms that have undergirded this engagement. It will then

examine the counter-mobilisation efforts that China has faced from regional powers, which is often overlaid by the broader dynamics of the Sino-Indian relationship. The chapter will conclude by discussing how China has sought to recalibrate its approach in the face of this local resistance.

17.1 Background: China's interests in South Asia

China has maintained a longstanding history of interaction with South Asia (Singh, 2003). During the Cold War, China's engagement with South Asia was rooted in three factors: a desire to forge a convergence of interests with the developing world, stabilise its borders, and export its revolution during periods of Maoist fervour. China's enhanced engagement with the region in the post-Cold War period has been supplemented by several additional foreign policy objectives. First, China has sought to export its industrial overcapacity as its economy transitions to a 'new normal' of slower and more sustainable consumption and service-driven growth. In doing so, China has also sought to empower its state-owned enterprises (SOEs) to become 'national champions' and 'go global' (*The Economist*, 2018). This has taken place under the aegis of China's 'Belt and Road Initiative' (comprising the '21st Century Maritime Silk Road' and 'Silk Road Economic Belt') (Kuo and Kommenda, 2018). Second, China seeks a stable periphery by combatting the 'three evils' of terrorism, separatism and extremism in order to prevent tensions in neighbouring regions from spilling over into China's hinterland and undermining its internal security (particularly in the Tibet and Xinjiang Uyghur Autonomous Regions). This has played a prominent role in China's relations with Afghanistan and Pakistan, as well as other countries sharing contiguous land borders with China, including India, Nepal and Bhutan. Finally, China has sought to ensure the security of its trade through investment in port and other infrastructure along vital sea-lines of communication (SLOCs). Related to this, efforts have been made to alleviate China's exposure to the so-called 'Malacca Dilemma', which refers to the country's vulnerability to transit routes along the narrow Strait of Malacca (Storey, 2006). In South Asia, this has been most evident in the development of Gwadar port in Pakistan's Baluchistan province and upgrading overland transport links between China and Pakistan. However, it has also been of relevance to China's infrastructure investment in other countries, including Sri Lanka, the Maldives and Bangladesh.

These interests are mutually-reinforcing. For instance, China's development of port infrastructure in Sri Lanka has served to both consolidate Beijing's Maritime Silk Road strategy and also support SOE efforts to 'go global'. Similarly, the CPEC initiative in Pakistan has offered a means to bypass 'choke-points' in the South China Sea, as well as ensure the stability of a country that has traditionally been a focal point for regional tensions (that could also pose a threat to China's periphery and internal security).

China's 'Belt and Road' Initiative (BRI) has added further depth and breadth to the country's longstanding engagement with the region: depth as China's relationship with traditional allies, such as Pakistan, has acquired further strategic

importance; and breadth as China's engagement with the region has expanded beyond the 'usual suspects' to include countries with which Beijing has traditionally maintained limited engagement, such as the Maldives. Two economic corridors under the banner of the BRI traverse the South Asian region: namely, the CPEC and BCIM (Bangladesh-China -India-Myanmar) Economic Corridor.

To be sure, the rhetoric of the BRI often outweighs the reality. This is evidenced by the fact that some projects under the banner of the BRI pre-date the formal launch of the initiative in 2013. This includes the Hambantota Port project in Sri Lanka, which began construction in 2008 with its first phase completed in 2010; Chinese investment in Gwadar and projects in Pakistan-occupied Kashmir, which predate the formal launch of the CPEC initiative in 2015; and the BCIM Economic Corridor that traces its origins to the Kunming Initiative, which was first launched in 1999. Nonetheless, the BRI demonstrates a clear statement of strategic intent by Beijing: to implement a more assertive foreign policy, undergirded by the tools of the country's expanded economic resources, diplomatic influence and military capabilities.

17.2 China's hard and soft power influence in South Asia

China's engagement with South Asia has spanned the hard and soft power divide (Nye, 2004). In other words, it has included both coercive influence mechanisms arising from the country's growing economic and military capabilities (hard power) and its ability to attract and co-opt through its cultural and political influence (soft power). Unlike democratic states where civil society, the private sector and other non-governmental organisations play a prominent role in propagating a country's hard and soft power, in China it is the state and Chinese Communist Party machinery that dominates in the promotion of the country's influence mechanisms. This so-called 'sharp power'—because of its more deliberate efforts to shape and manipulate opinions—has fuelled China's growing influence in South Asia, but also sometimes prompted a backlash amid claims of subverting the recipient state's sovereignty and economic well-being (Cardenal, Kucharczyk, Meseznikov and Pleschová, 2017). In South Asia, this sharp power has been most evident in the area of cultivating relations with and seeking to promote China-friendly politicians and regimes in order to muzzle potential criticism and ensure policies that are accommodating of the Chinese state. Some states have been particularly vulnerable to such influence given their development needs and the presence of weak or flawed democracies that make them prone to easy manipulation.

17.2.1 Hard Power: China's economic and military presence in South Asia

With respect to 'hard power', China's growing economic heft has been a key tool of influence in South Asia. China is among the leading trade partners and source of foreign investment for most countries in the region, much of which has come under framework of the BRI. However, China's growing economic influence in

South Asia is a double-edged sword as it sometimes prompts allegations of economic colonialism. For instance, every country in the region maintains a negative trade balance with China, which is a chronic source of grievance. So is the fact that much of China's 'aid' to the region comes in the form of loans (rather than grants) that have stringent requirements on awarding contracts to Chinese companies and sourcing Chinese goods and labour while providing limited opportunities for employment to the host nation (Hurley, Morris and Portelance, 2018: 10). The fact the most engagement under the framework of the BRI occurs at an official state-to-state level with few opportunities for interaction at a grassroots or non-governmental level is also a catalyst for tensions.

India, by its sheer size and geographic proximity, also retains a dominant economic presence in the region with the country remaining a leading source of foreign remittances for other countries of the region, as well as being better positioned to facilitate infrastructure connectivity across the region (Anderson and Ayres, 2015). However, South Asia is also one of the least economically integrated regions in the world, with intra-regional trade amounting to a mere five percent of the region's total trade (The World Bank, 2018). This has given China room to make inroads into the region.

Chinese influence mechanisms in South Asia have also acquired a distinct military dimension as Beijing has developed a growing interest and capability to project power beyond the so-called first and second 'island-chains' into the realm of 'far sea defense' / 'far-sea operations' / 'open seas protection' (Nan Li, 2009). China's 'Maritime Silk Road' strategy has notably elevated the importance of the Indian Ocean Region given that 40 percent of the country's global trade transits these waters (Shinn, 2017). China has developed a growing maritime presence in South Asia since the PLA Navy (PLAN) began regular deployments into the Indian Ocean Region in 2008 in support of anti-piracy operations. Chinese naval deployments to the region have since become an increasingly common occurrence (Yoshihara, 2014).

With respect to Chinese arms transfers and military assistance, while Pakistan has long been a focal point for such activities, other countries in the region have also gained in importance. Notably, almost 70 percent of China's arms exports during the 2010–14 period went to Pakistan, Bangladesh and Myanmar (Wezeman and Wezeman, 2015). Beyond arms sales, Beijing's growing defence diplomacy has also entailed expanded military-to-military contacts with states across the region, including joint military exercises.

17.2.2 Soft Power: Pro-China cultural and political operations

With respect to China's soft power influence, this has taken the form of leveraging three aspects of Chinese state identity: namely, the country's cultural identity; the Chinese Communist Party's socialist and communist roots (and affinity for likeminded socialist and communist regimes); and China's proclivity for solidarity with the developing world, which includes espousing the virtues of its development model. With respect to culture, China maintains 15 Confucius institutes

in five South Asian countries, including Pakistan (5), Bangladesh (2), Sri Lanka (2), India (4) and Nepal (2) (Confucius Institute Headquarters (Hanban), accessed 10 April 2020[1]). China Cultural Centers have also been established in Nepal, Pakistan and Sri Lanka (China Cultural Center, accessed 18 March 2019). This has been complemented by cultural, sports, think-tank and academic exchanges, as well as scholarship programmes funded by China's Ministry of Education that enable students of South Asian origin to study in China (Palit, 2010: 6–11). State media (such as China Radio International and China Global Television Network) have also sought to exert Chinese soft power through programmes in local languages and partnerships with local media companies (*The Economist*, 2017: 57). South Asian states that are heavily dependent on tourist revenues, including the Maldives, Nepal and Sri Lanka, have also come under the influence of China's 'tourism diplomacy' (*The Economist*, 2019).

To be sure, China's ability to leverage its culture to expand its influence in South Asia has been constrained by the relatively sparse Chinese Diaspora population in the region, compared to other regions along its periphery. Nonetheless, despite being officially atheist, Communist China has become increasingly adept at employing Buddhism as a tool of influence, particularly in countries like Sri Lanka and Nepal that maintain sizable Buddhist populations. It has done so by hosting the World Buddhist Forum and World Fellowship of Buddhists (Stobden, 2017). It has also funded the construction of Buddhist structures, such as the Colombo Lotus Tower in Sri Lanka and prayer and relief efforts by the Buddhist Association of China following the earthquake that struck Nepal in 2015 (Mendis, 2018). Unlike western countries where such initiatives are often seen as coercive 'influence operations', in the case of South Asia such soft power initiatives have generally been welcomed (with the notable exception of India). Part of this has been attributed to efforts to adapt soft power initiatives to local conditions, such as teaching Chinese language skills that are useful to local industries and the use of local teachers and teaching materials at Confucius Institutes (Balachandran, 2018).

Another source of soft power influence in South Asia has been to utilise the Chinese state's ideological roots as a socialist and communist power and developing world economy. In some cases, this has taken the form of forging an alignment with communist parties and regimes. While this phenomenon has not been as prominent as it was during the Cold War when Beijing sought to 'export' its revolutionary ideologies, remnants of this have persisted in China's engagement with South Asia. In the case of Nepal, while Beijing was not forthcoming in its support for the Maoist insurgency (from 1996–2006), the insurgency nonetheless derived inspiration from the Maoist concept of a 'people's war' (Pan, 2002). Moreover, once the Maoists entered mainstream politics (from 2006 onwards) China became more overt in its moral and material support (see below). Another notable case is that of communist and left-wing parties in India. While this alignment did not take the form of direct coordination between the Chinese Communist Party and its Indian counterparts, underlying ideological affinity often translated into a convergence of policy platforms, such as sharing a common aversion to

US global hegemony. An example of this was the opposition to the US-India nuclear agreement by India's Left Front group of parties, which prompted them to withdraw support for the Indian National Congress-led coalition government in 2008 (leading to a vote of no-confidence in the government). This paralleled China's opposition to the rapprochement between India and the United States and concerns regarding the nuclear agreement.

Finally, under the banner of solidarity with the developing world, China has sought to export the virtues of its development model. This has been accompanied by rhetoric of a so-called 'China Solution' to problems of global governance and promoting a global 'community of shared destiny and interest' (Szczudlik, 2018). When combined with China's growing economic and strategic heft on the world stage, this rhetoric has given Beijing a framework to expand its influence in South Asia.

A prominent example of this so-called 'smart power' is China's response to the COVID-19 global pandemic in 2020, which introduced a new avenue for China to expand its influence through its so-called 'Health Silk Road'. The country's head-start in recovering from the virus has given Beijing the opportunity to share medical expertise and supplies with affected states (Lancaster, Rubin and Rapp-Hooper, 2020). In South Asia, this aid diplomacy has manifested through Beijing's outreach to specific states, such as Sri Lanka where it has provided face masks, personal protection equipment and test kits (some of which has come from Chinese SOEs that maintain a presence in the country), as well as a concessionary loan of $500m (Kuruwita, 2020). This has been supplemented by the provision of other equipment, such as ventilators, from the Chinese government and charitable foundations, to several South Asian countries, including Bangladesh, Maldives, Nepal, Pakistan and Sri Lanka.

17.3 The cases of Sri Lanka, Nepal and the Maldives

Given the proclivity for patronage and dynastic politics in South Asia, Beijing has sought to cultivate cordial relations with ruling elites (and when necessary opposition politicians) in states across the region. While regimes in these states are often weak and unstable, constitutionally they are endowed with the mandate of strong centralised governments (Jha, accessed 10 August 2018). This has prompted Beijing to leverage relations with ruling elites as its 'local collaborator networks' in order to exert regional influence. This has been complemented by Beijing's pragmatic policy of engagement with countries irrespective of their political system or human rights record. This has facilitated engagement with pariah regimes that have come under international scrutiny. In the case of South Asia, this has included engaging with countries that have suspended the democratic process (as has been the case under several military-run governments in Pakistan, the military-led caretaker government in Bangladesh (2007–08) and period of absolute monarchy in Nepal (2005–06)) and governments accused of human rights abuses (such as Sri Lanka under the Rajapaksa government (2005–15) and Maldives under the Abdullah Yameen government (2013–18)).

In Sri Lanka former President Mahinda Rajapaksa who ruled from 2005–15 emerged as a preferred partner to China, with Beijing often exercising influence in the country through supporting Rajapaksa and currying favour with him and his family. Underlying this was Rajapaksa's conciliatory view of China, which emerged at a time when his government was under growing international scrutiny for its dictatorial tendencies and reported human rights violations in the military campaign against the Tamil separatist insurgency that came to an end in 2009. In this context, Beijing emerged as an important source of moral and material support to the Rajapaksa government. During the civil war, this included the supply of offensive military platforms, including weapons that other countries often refused to provide (*The Independent*, 2010). As a permanent member of the United Nations Security Council, China also employed its veto power to undermine international efforts to condemn the Rajapaksa government's conduct of the war, as well as filling a void created by the loss of aid from western donors.

After the end of the conflict this support continued as Beijing provided much-needed investment to the country. Most notable was the Hambantota Port Development Project, which was financed by China's EXIM Bank with China Harbor Engineering Company being awarded the contract for its construction (Abi-Habib, 2018). Fuelling this support was an effort by Beijing to maintain favourable relations with Rajapaksa, who was seeking to revitalise his home district of Hambantota (despite concerns over the commercial viability of this project).

These direct influence mechanisms were complemented by more subtle or indirect influence mechanisms. For instance, Rajapaksa's re-election bid in 2015 was reportedly supported by payments from the Chinese port construction fund, which was used for campaign activities (Sri Lanka Guardian, 2018). The Chinese ambassador to Sri Lanka also allegedly sought to directly lobby voters (Abi-Habib, 2018). Even after the defeat of the government Chinese support for the Rajapaksa family continued. For instance, in 2018 Colombo International Container Terminals Ltd, a joint Chinese-Sri Lankan company, confirmed making a donation to the Pushpa Rajapaksa Foundation, a private charity named after Mahinda Rajapaksa's sister-in-law (Sri Lanka Guardian, 2018). Mahinda Rajapaksa's appointment as prime minister following his brother Gotabaya's victory in presidential elections in 2019 indicates that the Rajapaksa family continues to retain a prominent role in Sri Lankan politics, which is a boon for China's influence in the country (Coakley, 2019).

Echoing its actions in Sri Lanka, Beijing also embraced King Gyanendra in Nepal as the international community condemned his regime for the suspension of democratic rule in favour of an absolute monarchy in 2005. The subsequent end to the decade-long civil war in 2006 provided further opportunities for Beijing to strengthen relations with the country as the erstwhile Maoist insurgents were brought into the political mainstream. This allowed Beijing to cultivate relations with the Maoists who maintained a more sympathetic view of China relative to established political parties that held a more India-centric foreign policy.

China emerged as the second-largest trading partner and source of foreign tourists to Nepal, as well as a major source of foreign investment for the country. This included Nepal's strategically important hydropower sector (Ministry of Foreign Affairs, Government of Nepal, accessed 1 August 2018). China has also supported projects aimed at strengthening connectivity between both countries, including granting access to Chinese ports, as well as the construction of a cross-border railway and electricity transmission lines (Sharma, 2018). Beijing has sought to leverage this expanded influence to fulfil its foreign policy objectives, which includes curbing the activities of Tibetan exile communities in Nepal and stemming their flow across the Chinese border (Sharma, 2016).

In the Maldives, as the fledgling democratic transition process began to unravel, Beijing emerged as a key supporter of the Abdulla Yameen government that assumed power in 2013. As in the case of Sri Lanka and Nepal, as the government in Male came under growing international scrutiny for its dictatorial tendencies, Beijing emerged as a steadfast ally to the regime. Moral and material support went hand-in-hand as China concluded agreements and provided investment in strategically important infrastructure projects. This included the conclusion of a free trade agreement in 2017, as well as contracts for several high-profile infrastructure projects, including expanding and upgrading Male International Airport (which was awarded to Chinese company Beijing Urban Construction Group) and constructing a bridge linking the airport with the capital Male (which was awarded to China Harbour Engineering) (Manning and Gopalaswamy, 2018). China also accounts for almost a quarter of tourist visits to the archipelago, which is significant given that tourism contributes almost 40 per cent of the country's GDP. Beijing's expanding influence in the Maldives is particularly impressive considering that China only established an embassy in the country in 2012.

17.4 Counter-Chinese influence mobilizations in South Asia: Democratic institutions as safeguards

Despite China's status as a leading trade partner, source of diplomatic support and foreign investment and supplier of military hardware to several countries in South Asia, Beijing has not always been able to translate this power into growing regional influence. A prominent concern has been claims that China has exposed countries in the region to so-called 'debt traps' through its opaque lending practices (Hurley, Morris and Portelance, 2018). For instance, in Sri Lanka worries over the onerous terms of Chinese-funded infrastructure projects contributed to the Rajapaksa government's defeat in general elections in 2015. These concerns were exacerbated by the Sri Lankan government being forced to sell a stake in the Hambantota port to Chinese Merchants Port Holdings on a 99-year lease in 2017 after being unable to service its debt obligations to Beijing (Shultz, 2017). The growing scrutiny of Chinese investment has even emerged for the BRI's flagship initiative, the China-Pakistan Economic Corridor, which contributed to a doubling of Pakistan's external debt and the country's dire balance of payments position (Hurley, Morris and Portelance, 2018: 19). This prompted Pakistan to

seek another bailout package from the International Monetary Fund, as well as suspending some projects under the CPEC framework (Smith, 2018).

Often the most significant counter-mobilization effort to China's regional influence has been the democratic process itself. Notably, governments regarded as too closely aligned with Beijing have suffered the wrath of the electorate when these administrations are seen to compromise the country's sovereignty in working with China. The defeats of the Nawaz Sharif government in Pakistan's election in July 2018 and Rajapaksa-led government in Sri Lanka's election in 2015 were both partially attributed to these regimes being regarded as too cozy with Beijing while subjugating their countries to China's predatory economic activities. The government of Abdulla Yameen in the Maldives was also defeated in presidential elections in September 2018 as it came under criticism for allowing China to impose a growing debt burden on the country. China accounts for almost 80 percent of the Maldives' foreign debt and concerns that the government would be unable to service this debt prompted fears of a 'land grab' by Beijing, which was fueled by the reported transfer of several islands to China (Manning and Gopalaswamy, 2018).

17.5 Great-power compeition: Sino-Indian competition in South Asia

17.5.1 India as the geopolitical center of South Asia

Further complicating China's engagement with South Asia is the role of India as the geopolitical centre of the region. Notably, there has often been an inverse correlation between the state of India's relations with a particular country and the willingness of that country to engage with China. In other words, when a particular regime has maintained poor relations with New Delhi, it has been more receptive to Beijing's influence mechanisms. Pakistan is the most obvious example of this with the bad blood in the Indo-Pak relationship facilitating China's 'all-weather' relationship with Islamabad. However, this has extended to other states in the region, as the deterioration of New Delhi's relations with the Rajapaksa government in Sri Lanka and Maoist coalition governments in Nepal made these countries more receptive to China's overtures.

In the case of Nepal aside from the growing influence of the China-friendly Maoists in the political process, tensions with India also prompted a tilt towards China. The promulgation of a new constitution in 2015, which saw the country transition to a federal republic, was followed by a five-month blockade of overland trade between Nepal and India. This led to a deterioration of relations between both countries and a concomitant improvement in relations between Nepal and China (Chowdhury, 2018). It also revived the urgency of Kathmandu's efforts to reduce its dependence on external trade and transport links through India by seeking alternative routes through China, as evidenced by the conclusion of a bilateral trade and transit agreement in 2016 (Sharma, 2018).

However, the reverse is also true: in India-friendly regimes it has been more difficult for China to exercise influence. This includes Bangladesh under India-friendly Awami League governments and Bhutan where the country maintains a

special relationship with India. In Bangladesh, the consolidation of power by the Awami League since 2009 has been accompanied by growing scrutiny of Chinese investment in the country. For instance, Bangladeshi authorities have reportedly proscribed dealings with China Harbor Engineering Company over corruption allegations. The government also cancelled a proposed plan for China to build and operate a deep-sea port at Sonadia amid latent concerns expressed by New Delhi (Stacey, 2018). With respect to Bhutan, the 2007 India-Bhutan Friendship Treaty grants New Delhi the mandate to protect the country's sovereignty and security (*The Hindu*, 2017). This limits the space for Beijing to exercise influence in Bhutan, which has yet to establish formal diplomatic relations with China.

The history of difficult relations in the Sino-Indian relationship has served to further complicate China's interaction with the region as New Delhi has emerged as a hub for efforts to resist Chinese influence in South Asia. The bad blood in the bilateral relationship fuelled by the legacy of their brief border war in 1962 has been exacerbated by the growing imbalance in their economic and trade relationship and both countries' conflicting regional and global aspirations (Bajpaee, 2015). In the context of this historical mistrust, Beijing's growing influence in South Asia is seen by some as evidence of China's 'creeping' or 'strategic encirclement' of India.

China's BRI introduces an additional element to this narrative. While not vehemently opposed to the BRI, India's support has been ambiguous at best given latent concerns that Chinese-funded projects could challenge New Delhi's sovereignty and security (Liu Zongyi, 2015). This has reinforced the narrative of a zero-sum dynamic in China and India's interactions with South Asia. The CPEC is of particular concern in this respect given that some projects within this initiative are in Pakistan-occupied Kashmir, which India claims. This was a partial catalyst of India's decision to boycott China's Belt and Road Forum for International Cooperation in May 2017 and April 2019. Alluding to India's apprehensions over China's BRI, Indian Prime Minister Narendra Modi noted in 2018 that:

> There are many connectivity initiatives in the region. If these have to succeed, we must not only build infrastructure, we must also build bridges of trust. And for that, *these initiatives must be based on respect for sovereignty and territorial integrity*, consultation, good governance, transparency, viability and sustainability. *They must empower nations, not place them under impossible debt burden. They must promote trade, not strategic competition*.
> (IISS, 2018)

China's efforts to expand its influence in South Asia also coincided with Indian efforts to reinvigorate relations with the region as part of New Delhi's 'Neighbourhood First' Policy (MEA, 2015–16: 18). Unveiled by the Modi government as it sought to develop a bolder and more assertive foreign policy, this initiative entailed regional engagement with a 'priority on security, connectivity and regional integration' (MEA, 2016–17, pp. ii, 20, 33). As such, in the context of historical mistrust in the Sino-Indian relationship, Chinese influence mechanisms

in South Asia were regarded as an affront or challenge to India's 'Neighbourhood First' Policy.

To be sure, Indian concerns about China's regional engagement have sometimes been exaggerated. For instance, references to China's so-called 'String of Pearls' strategy tend to overstate the threat of the Chinese naval presence in the Indian Ocean Region, as several so-called 'pearls' in this narrative are either non-existent or driven by purely commercial considerations (Yung, 2015). Nonetheless, concerns that China's development of port facilities in several regional states (including Sri Lanka, Bangladesh and Pakistan) could become a precursor to a more assertive naval posture in the future remain entrenched in Indian strategic thinking (Khurana, 2008). Such concerns became more pronounced after China established its first permanent military outpost (termed an overseas logistics facility) in Djibouti in 2016 (Krupakar, 2017). This revived worries in New Delhi that China could eventually use its commercial port projects in South Asia for dual-use (military) purposes.

China's growing military presence in South Asia is also seen by some in New Delhi as an attempt to constrain India's foreign policy. For instance, the deployment of a Chinese naval 'surface action group' into the Indian Ocean in early 2018, while attributed to routine training exercises, was seen by some as a veiled warning by Beijing to deter Indian military intervention in the Maldives to restore democratic rule (Miglani and Aneez, 2018). This came after President Yameen declared a state of emergency in February 2018. The fact that India chose not to intervene in the Maldives—as it had done previously in 1988—drove fears of New Delhi being increasingly constrained in its own backyard.

New Delhi has also feared that Chinese influence in neighbouring states could be used to sway their domestic and foreign policies, including their relations with India. This became evident in September 2018 when Nepal decided not to participate in the inaugural military drills of BIMSTEC, a sub-regional forum that excludes China. The fact that this coincided with the *Sagarmatha* Friendship-2 joint military exercise between Nepal and China illustrated that the Nepali government was seeking to foster a closer relationship with Beijing (Lo, 2018).

17.5.2 India's response to Chinese influence mechanisms in South Asia

India has employed a range of responses to Chinese influence mechanisms in South Asia. In some cases, these are subtle or indirect, as noted by Indian attempts to exclude China from regional initiatives. New Delhi has notably resisted efforts to admit China to the South Asian Association for Regional Cooperation (SAARC). Amid growing pressure from several South Asian states New Delhi conceded to China's observer status at the SAARC in 2005 as a quid pro quo for India's equivalent status at the Shanghai Cooperation Organisation. India has also spearheaded regional forums that exclude China. These range from sub-regional initiatives like BIMSTEC, established in 1997 and the MGC (Mekong-Ganga Cooperation), established in 2000 to broader inter-regional initiatives, such as the

Indian Ocean Naval Symposium (IONS), established in 2008 and Indian Ocean Rim Association (IORA)) that was established in 1997.

India has also sought to develop regional initiatives as an alternative to China's BRI (Singh in Khurana and Singh (eds.), 2016: 23–31). This has been illustrated by India unveiling Project Mausam established in 2014 and SAGAR (Security and Growth for All in the Region) that was launched in 2015 (Pandit, 2015). To be sure, there has often been more rhetoric than substance to these initiatives given their nascent development and limited resources relative to China's BRI. Nonetheless, these initiatives demonstrate a concerted effort by New Delhi to emulate and challenge Beijing through the development of a regional architecture that excludes China (Panda, 2017: 84–85).

In other cases, India's response to Chinese influence mechanisms has been more overt and direct. The most notable example of this came in 2017 when New Delhi supported Bhutan in resisting Chinese encroachments into its territory as part of a road construction project. This led to a two-month standoff between the Chinese and Indian militaries in the tri-border region around the Doklam plateau (which China refers to as Donglang) (Bajpaee, 2017). New Delhi's willingness to come to the assistance of a neighbouring country facing growing pressure from Beijing demonstrated India's commitment to opposing the emergence of a Sino-centric regional order in South Asia.

Another Indian response to China's growing influence in South Asia has been to counter-balance this by strengthening India's presence along China's periphery. This has been evident in India's eastward engagement under the framework of New Delhi's 'Look East' / 'Act East' Policy (Bajpaee, 2018). A notable example of this counter-balancing narrative is the inter-linkage between China's strategic partnership with Pakistan and India's strategic partnership with Vietnam (Dinesh Yadav, in Khurana and Singh (eds.), 2016: 55). As one Indian strategic analyst notes:

> 'If China wants to expand its presence in South Asia and the Indian Ocean Region, the sentiment in New Delhi is that India can do the same in East Asia. If China can have a strategic partnership with Pakistan ignoring Indian concerns, India can develop robust ties with states on China's periphery such as Vietnam without giving China a chance to veto such relationships.'
>
> (Pant, 2018: 7, 8)

In this context, Chinese influence mechanisms in South Asia cannot be viewed in isolation from India's influence mechanisms in East Asia.

17.6 China recalibrates its influence mechanisms

Beijing has sought to adapt to these pressures by casting the net of its influence mechanisms more widely. China's proclivity for a pragmatic, value-neutral foreign policy has proven to be a boon in this context. For instance, Rajapaksa's waning influence in Sri Lankan politics prompted Beijing to reach out to his rivals.

For instance, Prime Minister Maithripala Sirisena's government was reportedly offered a generous grant from Beijing while China funded the construction of a hospital in Sirisena's home constituency of Polonnaruwa (Reuters, 2018). In Nepal, Beijing has proven adept at working with both the absolute monarchy of King Gyanendra and the democratic republic of Maoist-led coalition governments.

Furthermore, it is important to recognise that while governments may change, financial commitments do not. As such, even regimes that are critical of China's growing influence often have no recourse but to maintain cordial relations with Beijing. For instance, Sri Lankan Prime Minister Sirisena, while initially critical of Chinese-funded infrastructure projects initiated by the previous Rajapaksa government, was forced to continue servicing Chinese debt obligations. Even governments that are ideologically aligned with India continue to maintain economic engagement with China. For instance, despite the Awami League government's close alignment with India, China's relations with Bangladesh have continued to flourish as Beijing has emerged as Bangladesh's leading trade partner and arms supplier, as well as providing financing for several infrastructure projects in the country (Bhattacharjee, 2018). Even Bhutan has sought to diversify its economic interactions by seeking Chinese investment in its strategically important hydropower and tourism sectors (Zhen, 2017).

Thus, irrespective of shifts in domestic political dynamics, economic compulsions keep countries in the region wedded to engagement with China. As all the countries of South Asia maintain significant infrastructure and development needs, China presents itself as a crucial partner given its vast economic heft and rhetoric of providing financial assistance with 'no strings attached' or without the conditionalities that often come with aid from western donors. China's growing prowess in the technology domain has introduced an additional element to this dependency as Chinese companies have supported the development of digital infrastructure across the region, including mobile payments and e-commerce (Mohan and Chan, 2020). This is likely to gain momentum under Beijing's 'Digital Silk Road' concept as China unveils 5G telecom infrastructure across the region.

There has also been a degree of readjustment in China's outbound investment strategy as policymakers and SOEs have become more risk-averse in their external engagement as they question the commercial viability of BRI projects. There is already evidence of this in South Asia as several projects have either been stalled or scrapped (Chakma, 2019). For instance, in Nepal the government terminated an agreement with China Three Gorges International Corporation for the West Seti hydropower project after China expressed concerns over the project's low rate of return (*The Himalayan Times*, 2018). There is also evidence that China is seeking to adopt more sustainable lending practices by partnering with and adopting the best practices of existing multilateral development institutions (Hurley, Morris and Portelance, 2018: 20–22).

With respect to India's resistance to China's expanded influence in South Asia, Beijing's response has been a combination of carrots and sticks in its engagement with New Delhi. On the one hand, Beijing has sought to 'reset'

the bilateral relationship to facilitate a more cordial climate of interaction. The informal meetings between Xi Jinping and Modi, as well as offers to include India in the CPEC initiative while reinvigorating the BCIM Economic Corridor reflect Beijing's efforts to persuade New Delhi that both countries' relations with South Asia need not be perceived as a zero-sum game (Sengupta, 2018; Ali, 2018). At the same time, Beijing has challenged New Delhi's self-perceived 'sphere of influence' in South Asia. Aside from cultivating deeper relations with regional states, China has also taken a more assertive military posture in the region. This has been demonstrated by the growing frequency and intensity of military stand-offs between China and India, including the two-month stand-off near the tri-border area between Bhutan, China and India in 2017 (Bajpaee, 2017).

17.7 Conclusions: Aversion to a Sino-centric regional order?

China's engagement with South Asia is by no means new. However, what has changed in the post-Cold War period and particularly during the more assertive foreign policy of President Xi Jinping is that the substance and momentum of this interaction has grown. Beijing has acquired growing diplomatic, economic and military heft and a proclivity to project power through its 'Belt and Road' Initiative. In South Asia, Beijing has also leveraged relations with local political elites as its collaborators to exert and enhance regional influence.

However, such influence mechanisms have not always yielded the desired results as developments—both at the level of domestic politics and broader regional level—have created a 'tug of war' between the center (China) and periphery (South Asia). With respect to domestic politics, even in the sometimes imperfect and illiberal regimes of South Asia the democratic process is proving to be an institutional safeguard against China's expanding influence. This exposes China's engagement with the region to a degree of vulnerability as a change of government in a given state can lead to loss of momentum for China's influence in that country. Notably, in the context of allegations that Beijing is imposing growing debt distress on recipient states, administrations maintaining cozy relations with China have come under growing scrutiny for compromising the state's sovereignty and economic wellbeing.

Meanwhile, India, as the geopolitical centre of South Asia has also emerged as a hub for efforts to resist China's growing regional influence. There is an inverse correlation between a given country's relations with New Delhi and the success of Beijing's influence mechanisms in that country: When a particular country maintains poor or difficult relations with India, China has been more successful in exercising influence in that country. This is most obvious in the case of Pakistan. However, it has also become evident in Sri Lanka under the Rajapaksa government, Maldives under the regime of Abdullah Yameen and Nepal under the influence of the Maoists. All of these regimes formed a growing affinity for China as relations deteriorated with India. On the other hand, where a country maintains cordial relations with India, China's influence has been more limited. This

has been the case in Bangladesh under Awami League governments and Bhutan, which continues to depend on India as its primary and privileged external partner.

India's resistance to Chinese influence mechanisms in South Asia has also emerged from the creation of initiatives that seek to exclude China from the regional architecture (including the SAARC, BIMSTEC, MGC, and the IONS). This has been supplemented by regional initiatives that seek to challenge China's BRI, including Project Mausam and SAGAR. Finally, India has sought to counter-balance Chinese influence mechanisms in South Asia through its own influence mechanisms in East Asia under the aegis of its 'Act East' Policy. For instance, New Delhi has cultivated strategic partnerships with countries that maintain a history of difficult relations with China, such as Vietnam, as a counter-balance to Beijing's longstanding relationship with Pakistan.

These developments indicate that despite its rise as a major regional and global power, China's expanding capabilities will not always translate into growing influence. In the case of South Asia that is populated by countries with thriving (though imperfect) democracies and a country (India) that maintains an aversion to a Sino-centric regional order, Chinese influence mechanisms will remain prone to recalibration and readjustment.

Note

1 http://english.hanban.org/node_10971.htm

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18 China's Influence in Central Asia

Sinophobia and the Wave of Anti-China Protests

Jun Kumakura

This chapter focuses on local responses to China's influence in Central Asia, a region composed of Kazakhstan, Kyrgyzstan, Uzbekistan, Tajikistan and Turkmenistan, and one which is geopolitically important to China because of its natural resource endowments and the ethnic problem in Xinjiang. There have hitherto been limited rigorous studies into China's recent expanding influence in Central Asia and its impacts, including into the counter-China protests that occurred in Kazakhstan in the spring of 2016.

In the first half of this chapter, I will examine the 2016 local protests in Kazakhstan based on my recent fieldwork,[1] before discussing Russia's role as the traditionally dominant external player in Central Asia since the 19th century and the recent tensions between Russia and China in the region. In the second half of this chapter, I will examine the limitations of China's influence mechanisms in Central Asia and the waves of Sinophobia that have emerged there. This chapter will conclude by discussing the responses of Central Asian states to the Belt and Road Initiatives (BRI), mainly focusing on the case of Kazakhstan.

18.1 Background: China's interests in Central Asia

18.1.1 China's policy toward Central Asia before Xi Jinping

China's policy toward Central Asia has a history of more than two millennia. As Xi Jinping mentioned in his speech on 7 September 2013, Chinese-Central Asian relations and so-called Silk Road trade was occurring more than 2,100 years ago, when Chinese diplomat Zhang Qian (張騫) led a westward mission designed to establish military alliances and trade with the Yuezhi (月氏) Kingdom and other peoples residing in Xiyu (西域), the 'Western Regions'. However, since the golden age of the Han dynasty, Chinese dynasties have not always been able to maintain power in this area. Successors of the Han dynasty, with some exceptions like the Tang dynasty, could not continue their rule even in East Turkistan or Xinjiang, and locals were more influenced by Islam than by Chinese or Han civilization, although Peking today proclaims Xinjiang to have always been 'a part of China'.

After the 18th century, East Turkistan was ruled by the Qing Empire, a Manchurian and Chinese Empire, while most of West Turkistan was gradually

absorbed by the Russian Empire, where national republics were established under Bolshevik rule after the October Revolution in 1917. These national republics that composed the Soviet Union have become the foundation of the independent republics currently in Central Asia, while Xinjiang has been under the control of the PRC since 1949.

After the establishment of the PRC in 1949, the Chinese Communist Party (CCP) hoped to develop economic relations with China and Soviet Central Asia through Xinjiang. China, for instance, tried to connect its railway system between Lanzhou and Xinjiang (蘭新鐵路) with the Turksib railway in the Soviet Kazakh Republic over the Sino-Soviet border, although this did not eventuate due to the Sino-Soviet split. China's policy towards Soviet Central Asia was very restricted by Sino-Soviet relations until the 1980s. During this era, Soviet propaganda propagated extremely negative clichés about China in Central Asia. In 1982, some trade relations started between Soviet Central Asia and China that were only formally recognized by China in 1986 when it began to reform its foreign trade policies (Swanström, Norling and Li, 2007: 386).

After the dissolution of the Soviet Union in 1991, the PRC established diplomatic relations with five independent republics, and gradually strengthened its influence. According to Sébastien Peyrouse,

> Chinese interests in Central Asia have been structured in phases. In the first half of the 1990s, Beijing's concern was to sign demarcation treaties, demilitarize the borders, and prevent the strengthening of Uyghur separatism. In the second half of the 1990s and early 2000s, it aimed to create a platform for discussion and mutual discovery, and to build a collective security framework through the Shanghai Cooperation Organization. In the first half of the 2000s, China moved to establish itself vigorously on the Central Asian market, mainly in hydrocarbons, extractive industries, infrastructures, and communications. Finally, since 2005, Beijing has been trying to establish ways to promote its language and culture and to train Central Asian elites according to the Chinese model.
>
> (Peyrouse, 2016: 14)

Historically, the cultural influence of the Middle Kingdom on Central Asian people has been very limited, despite the geographic proximity and long history of the Silk Road. By 2013, however, the PRC had 'drastically changed the economic and strategic given on the Central Asian arena. It now positions itself as the second most influential external actor in the region, surpassing Russia in economic terms, but not strategic cultural ones' (Peyrouse, 2016: 15).

18.1.2 China's recent agenda in Central Asia

The concept of the Silk Road Economic Belt was first announced by Xi Jinping in his speech delivered at Nazarbayev University in Astana, the capital of Kazakhstan, on 7 September 2013. However, from the viewpoint of Central Asia, it was not the first time that China had advocated the new Silk Road concept. China and Central

Asian countries had explored similar ideas before, echoing previous Chinese top leaders Jiang Zemin and Hu Jintao, who had both advocated the concept of a new Silk Road during their terms of office. The government of the Xinjiang Uyghur Autonomous Region seemed to be especially interested in engaging in discussion on Silk Road concepts, given that such ideas could attract more investment and economic cooperation with Central Asian countries. China-Central Asia collaborations in natural resources, including transport of oil and natural gas to China, can also be traced back to well before Xi Jinping's speech in 2013. For example, the Central Asia-China gas pipeline has been operating since 2009, which has resulted in Turkmenistan exports to Russia declining precipitously from more than 40 billion cubic meters (bcm) in 2008 to zero in 2017. Therefore, it is important to understand that before Xi Jinping delivered his speech about building the Silk Road Economic Belt in 2013, China had already established significant influence in Central Asia and the trade activities within this area had already started shifting away from Russia and moving toward China.

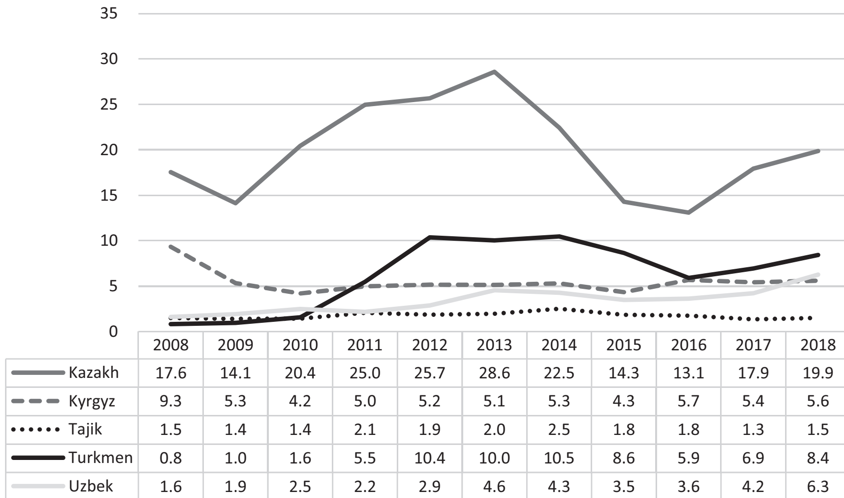
Of course, the concept of the 'Silk Road Economic Belt', as announced by Xi Jinping in Astana in 2013, was by nature different from previous ideas because it encompassed much more extensive and aggressive initiatives to exert China's influence, not just in Central Asia but also across Eurasia, as well as more intrusive political and socio-economic operations within the region.

18.2 China's direct and indirect influence mechanisms: Chinese leverages across Central Asia

18.2.1 China's economic and military presence in Central Asia

Since Xi Jinping's speech in Astana in 2013, China seems to have successfully strengthened its economic presence in Central Asia, including via the construction of the 'New Eurasian Land Bridge' that runs through Central Asia and Russia, becoming one of the biggest trade partners of Central Asian countries. Similarly, China has been quietly ramping up its military influence in Central Asia and has invested in infrastructure projects relating to national security, including the Khorgos Gateway along the border of China and Kazakhstan, and the Dushanbe-Chanak highway that connects north Tajikistan with the capital Dushanbe. Central Asian countries are still in need of large-scale investments from China under the BRI. However, there remain some "inconvenient truths" covered up by China's propaganda.

As I have pointed out elsewhere (Kumakura, 2017a, 2017b, 2018a, 2018b), the Chinese and Kazakhstan governments estimated in 2013 that the bilateral trade volume of the two countries would increase to 40 billion USD in 2015. However, the trade volume has actually decreased to 14.3 billion USD in 2015 and 13.1 billion USD in 2016, due to reasons like international sanctions against Russia, the establishment of the Eurasian Economic Union (EEU), and falling oil prices. There was also little improvement in the bilateral trade volume between China and other Central Asian countries. In fact, China's trade with some countries has



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Kazakh	17.6	14.1	20.4	25.0	25.7	28.6	22.5	14.3	13.1	17.9	19.9
Kyrgyz	9.3	5.3	4.2	5.0	5.2	5.1	5.3	4.3	5.7	5.4	5.6
Tajik	1.5	1.4	1.4	2.1	1.9	2.0	2.5	1.8	1.8	1.3	1.5
Turkmen	0.8	1.0	1.6	5.5	10.4	10.0	10.5	8.6	5.9	6.9	8.4
Uzbek	1.6	1.9	2.5	2.2	2.9	4.6	4.3	3.5	3.6	4.2	6.3

Figure 18.1 China's bilateral trade with Central Asian countries (billion USD) based on China's NBS

decreased, particularly in the case of trade with Turkmenistan, which reduced by 50 percent from 2014 to 2016.

Khorgos, the gateway city along the border of China and Kazakhstan, has not developed as originally planned by the Chinese government. The Chinese government envisaged Khorgos becoming a center of distribution between China and Kazakhstan. However, according to a report by Wade Shepard, Khorgos's five-year trajectory has not always been smooth, partly because most of the cargo volume that passes from China to Kazakhstan 'goes through the 50% Russian-owned Dostyk port to the north' (Shepard, 2016), not through Khorgos. Although there continues to be growth, the Khorgos Free Trade Zone is now becoming another sightseeing and shopping spot for Chinese tourists. When I visited Khorgos in July 2018, there were a large number of Han Chinese tourists shopping tax-free products, with very few Kazakhstani or Central Asian merchants present.[2] The vision of developing the Khorgos Free Trade Zone into a business hub between Kazakhstan and China has not materialized.

18.2.2 CCP collaborators in Central Asia

China's success in Central Asian countries relies on collaboration with local governments and oligarchs, although they are not necessarily Sinophile by conviction. According to Sébastien Peyrouse, 'all Central Asian governments have spoken very positively about their "excellent relations" with Beijing'. However, 'although Central Asian leaders seem to speak with one voice on the question of China, their close aides are not necessarily Sinophile by conviction, but

instead because they have little choice and are driven by a logic that also has a Sinophobe dimension: a desire to build closer ties with China because it is better to maintain healthy relations with a large and feared neighbor.' Typical cases of such a sentiment can be found among presidential families, whose members often personally benefit from trade with China, such as one of the President of Tajikistan Emomali Rakhmon's sons-in-law, Hassan Saidullaev, president of the holding company 'Ismaili Somoni XXI Century', and Gulnara Karimova, the disgraced eldest daughter of the former President of Uzbekistan Islam Karimov (Peyrouse, 2016: 17).

In addition, some political figures have studied in China and are fluent in Chinese, such as Karim Masimov, the former Prime Minister of Kazakhstan from 2007 to 2012 and again from 2014 to 2016, and Kassym-Jomart Kemeluly Tokayev, the former Prime Minister of Kazakhstan from 1999 to 2002 and new President from 2019. The former in particular has been regarded as representing a China lobby, although Sébastien Peyrouse says: 'Kazakhstan's pro-Chinese policies are probably not initiated by specific Prime Ministers: The issue of China arises at the level of the state itself and has nothing to do with the personality of its leaders' (Peyrouse, 2016: 18).

'Central Asian oligarchs with interests centered on Beijing turn also out to be the supporters of the pro-Chinese policies or the authorities', according to Sébastien Peyrouse. For instance, in Kazakhstan,

> 'several groups are favorable to Sino-Kazakh rapprochement for the simply pragmatic reason that China is one of the major export markets for Kazakh metallurgy. The first is Alexander Mashkevich's "Eurasian Group" (Eurasian National Resources Corporation), which controls a third of the Kazakh economy and is valued at over five billion dollars; the second is Vladimir Kim's company Kazakhmys, which is the country's largest copper producer'
>
> (Peyrouse, 2016: 18).

These political elites and the oligarchs that collaborate deeply with them generally view China's growing presence in the region as a stabilizing factor. According to a report from the Carnegie Endowment for International Peace by Paul Stronski and Nicole Ng, Central Asian local governments 'still see China's presence in the region as a potential guarantor of regime security. China has no expectations of any political liberalization that may loosen Central Asian regimes' hold on power. China also makes no overt effort to question Russia's role in the region, avoiding the zero-sum dynamics that have led to numerous conflicts between Russia and the West and could otherwise cause tension in the region.' The report also says that 'Central Asians even see China as a hedge against potential Russian aggression', especially in Kazakhstan, 'a country with a large Russian border, significant ethnic Russian population, and growing fears of Russian meddling' (Stronski and Ng, 2018).

18.3 Counter-Chinese influence mobilization in Central Asia: the surge of Sinophobia in the Stans

China, under the narrative of the BRI, has certainly increased its economic influence in Central Asia. There has been extensive investment in Central Asian countries by Chinese companies, with Chinese workers in the region having also increased over the years. For example, the number of Chinese laborers in Kazakhstan has doubled within six years from 6,858 in 2010 to 12,700 in 2016; similarly, the number of Chinese workers in Tajikistan has increased significantly from only 1,427 in 2010 to 6,500 in 2016 (Voices on Central Asia, 2018). However, accompanying China's growing presence in this region has been a surge in counter-Chinese mobilization, or Sinophobia, as I will discuss below.

18.3.1 The case study of Kazakhstan

The massive protest that occurred in Kazakhstan in 2016 was illustrative of the recent surge in Sinophobia following China's growing influence in the region. The Kazakhstan government was very friendly with the Chinese government and supportive of its BRI agenda, so proposed to relax land laws to allow foreign firms (notably Chinese companies) to rent agricultural land for up to 25 years. This law reform proposal was approved by the Kazakhstan parliament in November 2015. Nevertheless, in April 2016, a large number of Kazakhs started protesting in several of Kazakhstan's cities. A few days before 28 April 2016, the protests against changes to the country's Land Code had spread across the country. 'First, people in the city of Atyrau in western Kazakhstan took to the streets. Then, demonstrations occurred in Aktobe in the north and in Semey in the east. Some observers estimate that between 1,000 and 2,000 people gathered in each city, which is quite serious for Kazakhstan where no dissent is tolerated' (BBC, 2016).

Kazakhstanis were very angry, a sentiment that reflected a surge in Sinophobia. As a BBC reporter analyzed:

> [t]he law fuels one of the protesters' biggest fears – that Chinese investors will come and buy out their land. It's an emotive subject. One protester at the demonstration in Aktobe on April 27 shouted: 'We can't give land to the Chinese. If they come then they won't leave!' Many fear that Kazakhstan, with a population of 17m, will lose out to its bigger neighbour. At the Aktobe rally, one protester said: 'After 25 years, they will stay for 65. After 65, their descendants will take Kazakhstan's citizenship and our descendants will be their slaves'.
>
> (BBC, 2016)

Quite clearly, strong sentiments of Sinophobia had broken out, and specifically the fear that the country's 'land' would be occupied by Chinese migrants and that locals would lose it. As a Kazakhstani scholar has explained, 'land' is a very sensitive word in the context of Kazakhstan (Kudaibergenova, 2016).

Although I have elsewhere already discussed the background of Sinophobia in the region (Kumakura, 2017a, 2017b, 2018a, 2018b), I would like to briefly discuss how Sinophobia is deeply rooted in Central Asia. Sinophobia is both an old and new topic in these former Soviet Union countries. Recently, Russian newspaper *Nezavisimaya Gazeta*, a pro-government Russian daily newspaper, quoted Kazakhstani sociologists' report that only 18 percent of local people had said they disliked Chinese immigrants when originally surveyed in 2007, but that this proportion had risen to 33 percent in 2012 and 46 percent in 2017 (Независимая газета, 2018a). These figures imply that Sinophobia is common in Kazakhstan and has become more extensive since the 2016 protest. It is worth noting that such a strong anti-Chinese sentiment is not only confined to Kazakhstan, but in recent years has been spreading across Central Asia, reflecting the fears of many people in Central Asian countries that China is expanding into the region through its BRI agenda. Over the past 10 years, such anti-China sentiments have spread quickly among different religious and ethnic groups in Central Asia, becoming a very fashionable expression of public opinion within the region.

Corruption has been an important factor contributing to the rise of Sinophobia in Kazakhstan and other Central Asian countries. As a BBC reporter wrote:

> [t]here is very little trust in the government. Many Kazakhstanis feel that there is a catch in the legal changes and that because of corruption only the rich and powerful will benefit from the amendments, leaving the rest of the population without land. 'You know how things are done in Kazakhstan, corruption is everywhere', said one protester who wished to remain anonymous. 'People simply don't trust that this will all be effective and not misused as usual'.
>
> (BBC, 2016)

In Kazakhstan, some people criticize the president and the government for its corruption and for being too friendly to China.[3]

The then President of Kazakhstan Nursultan Nazarbayev, who had held the presidential office since 1990, understood the strong anti-China sentiments of his people and quickly decided to delay the law reform proposal in the aftermath of the 2016 protest. On 5 May 2016, he officially imposed a moratorium order until the end of that year (*The Astana Times*, 2016). The Minister of National Economy resigned as a result of the 2016 protest. In September 2016, Prime Minister Karim Massimov, who was widely regarded as the most pro-China politician in Kazakhstan and had met the CCP Party Secretary of the Xinjiang Uyghur Autonomous Region Zhang Chunxian (張春賢) on 3 May 2016 shortly before Nazarbayev's announcement delaying the land reform, was moved to become the head of the security service (Zhong guo gong chang dang xin wen wang, 2016). Therefore, the 2016 protest, which was the largest-scale protest that had occurred since the independence of Kazakhstan in 1990, effectively stalled the economic expansion of China and even cost the prime ministership of China's most important local collaborator in Kazakhstan.

Since the 2016 protest, there have been several other counter-Chinese influence protests in Kazakhstan. For example, in January 2017 a commercial matchmaker came under fire for recruiting bachelorettes for wealthy Chinese customers (Radio Free Asia / Radio Liberty, 2017). In September 2019, protests broke out in the oil-producing city of Zhanaozen in southwest Kazakhstan 'over purported plans to move 55 factories from China to Kazakhstan', with protesters coming out 'in solidarity in half a dozen other cities, including the capital Nursultan (formerly known as Astana) and second city Almaty' (Umarov, 2019). According to Reuters reporters, 'police detained a man with a banner reading: "Let's not give way to Chinese expansion" and "The old man is the enemy," an anti-Nazarbayev slogan' (Reuters, 2019). The case study of Kazakhstan well illustrates the extensiveness of Sinophobia in Central Asia, and indicates that the risk of a recurrence of similar large-scale protests in Kazakhstan is unlikely to be low.

18.3.2 Experiences from other Central Asian states

People in Kyrgyzstan demonstrate deep Sinophobia similar to that of Kazakhstanis. The government in Kyrgyzstan is not as stable as Nazarbayev's authoritarian regime in Kazakhstan, and, so far, there has been limited public outcry about China's influence. The controversy surrounding the arrest of former Kyrgyzstan Prime Minister Sapar Isakov on 5 June 2018 as a result of the breakdown of the Bishkek Heating and Power Plant in January 2018 was an important incident that deserves attention. According to *The Diplomat*,

> [t]he Bishkek power plant had been modernized by a Chinese company—Tebian Electric Apparatus Stock Co. Ltd. (TBEA / 特變電工)—with work completed the previous fall. The agreements that laid the foundation for the project were initiated in 2013 during Chinese President Xi Jinping's momentous Central Asia tour.
>
> (Putz, 2018)

This incident gives insight into both the operations of China's influence and resistance in Kyrgyzstan.

Three other countries, Uzbekistan, Tajikistan and Turkmenistan, have also experienced China's influence to different degrees. Although these three countries might not yet share the strong Sinophobia observed in Kazakhstan and Kyrgyzstan, there may be a similar surge in Sinophobia in the near future. Tajikistan, for instance, has encountered a serious sovereign debt problem as a result of its various infrastructure projects with China. It is estimated that 'Tajikistan's debt-to-GDP ratio is rapidly increasing, rising from 33.4% of GDP in 2015 to an expected 56.8% in 2018' (Chen, 2018), and the chance of Tajikistan becoming another Sri Lanka is growing. This has already resulted in a growing discourse of Sinophobia in Tajikistan, with commentary such as 'Tajikistan could become a second Sri Lanka', 'infrastructure is not built for Tajikistan people, but for the profit of elites in China and Tajikistan' and 'the elites of Tajikistan would sell the country to

China if they could'. It remains to be seen whether and how such counter-Chinese influence discourses will be converted into actual protests and resistances.

18.4 China's readjustments: sharp power operations through Confucius Institutes

The surge in Sinophobia in Central Asia is undoubtedly a big challenge for China—not only for the promotion of the BRI, but also for the maintenance of society stability in the Xinjiang Uyghur Autonomous Region. The Chinese government has responded to the challenge by strengthening its sharp power operations. As in the rest of the world, Confucius Institutes have been established in Central Asia, providing locals with the opportunity to study Chinese language and culture. Although Confucius Institutes in Central Asia face many challenges, as local scholar Gaukhar Nursha has pointed out, it would seem that China is trying to create a new generation of pro-China young elites in Central Asian countries (Nursha, 2018: 140).

So far, China's Confucius Institutes in Central Asia have had limited success for a variety of reasons, and 'we cannot assume that Confucius Institutes are helpful in constructing a positive image of China' (Nursha, 2018: 142). Despite the spread of Sinophobia, there are local students who want to study Chinese and pursue their studies in China. Nevertheless, they face many practical barriers to doing so, as can be demonstrated by experiences from Kazakhstan. First, the Kazakh language belongs to the Turkic language family; second, Kazakhstan's second language, Russian, belongs to the Slavic language family; and third, the Kazakh language script has historically used the Arabic, Cyrillic and Latin alphabets, and the language has borrowed little from Han Chinese language. These factors have undermined the efforts of Confucius Institutes to promote Chinese language and culture in Kazakhstan. Second, Kazakhstani students who hope to study Chinese face significant financial cost, and most can only complete Chinese beginners courses.[4] Third, wealthy Kazakhstani students generally tend to pursue further studies in Western countries or South Korea, not China. Korean is very popular among Kazakhstani students because of the migration over several decades of Koreans (forced, in many cases) in Central Asia and investment by Korean companies. Finally, in addition to Confucius Institutes, Kazakhstani students also have the option of studying Chinese in local universities, where a systematic education system for Chinese languages has developed alongside a large pool of Chinese experts since the Soviet period. In Kazakhstan today, local universities tend to enhance their own international standing by way of cooperating with Confucius Institutes, rather than rely on them to educate Kazakhstani students in Chinese language and culture.[5]

18.5 Great-power competition: Sino-Russian contention in Central Asia

It is interesting to look at China's influence in Central Asia from the wider perspective of growing strategic competitions between Russia and China. Over the

years, Russia and China have both maintained good terms with each other and the Sino-Russian partnership has often been described as the best in history. However, since the recent summit held between Russian President Vladimir Putin and US President Donald Trump in Helsinki on 16 July 2018, the Sino-Russian partnership appears to have changed slightly.

The clearest sign of change is that Russian media has started to publish negative reports on China and BRI projects. Heavily controlled by the Russian government, such reports to a large extent reflect that the Russian government has started to evoke public opinion against China.

For example, the Russian daily newspaper *Nezavisimaya Gazeta* ran an article entitled 'The U.S. Offers to Unite with Russia Against Iran and China' on the same day as the Putin-Trump summit on 16 July 2018 (Независимая газета, 2018b). Following this, Ivan Zuenko, a research fellow at the Center for Asia Pacific Studies within the Russian Academy of Sciences, published an article in Russian magazine *Profile* heavily criticizing the Sino-Russian high-speed railway connecting Moscow and Kazan, questioning the economic benefits of building the railway at such an enormous cost (Зуенко, 2018). In my subsequent interview with another scholar conducted in Moscow, he claimed that the high-speed railway project between Moscow and Kazan has 'already [been] officially suspended'.[6]

In late July 2018, Russian media ran more reports claiming that Chinese companies are not welcomed by Central Asian countries. In a 29 July opinion article, the Russian daily newspaper *Nezavisimaya Gazeta* stated that the more loans and investments China directs to Central Asian countries, the more anti-China local protests and slogans will emerge within the region (Независимая газета, 2018a). The article also criticized China's BRI projects in Africa and Central Asia for failing to create jobs for local populations, with 90 percent of the workforce reserved exclusively for Chinese. The article discussed Sinophobia, stating that anti-China sentiment has been used by political forces in Central Asia to oppose the incumbent ruling elites for selling out national interests. Written in Russian and echoing the Sinophobia that has spread throughout Central Asia, this kind of negative reporting on China by Russian media has been widely read throughout the region.[7]

As a report by Paul Stronski and Nicole Ng from the Carnegie Endowment for International Peace mentions, Russia 'strives to maintain its soft power—through historic and cultural connections and Russian-language television, film, and other media' (Stronski and Ng, 2018). In addition, Russia has maintained its potential power through the Russian-dominated EEU, which includes both Kazakhstan and Kyrgyzstan, although this has suffered from economic trouble since its establishment in 2015 because of international sanctions imposed on Russia and falling oil prices. It is reported that 'the Sino-Russian strategic partnership has become more of a reality' (Stronski and Ng, 2018) as a result of the collapse of Russia's relationship with the West over the Ukrainian Crisis; but at the same time, 'the Chinese-Russian relationship is complex, with lingering mistrust on both sides. Despite the grand ambitions for cooperation voiced by the two countries' leaders, achieving substantive results often eludes them,

particularly in the Russian Far East and the Arctic, where realizing the plethora of trade, investment, and infrastructure deals announced since 2014 has been difficult' (Stronski and Ng, 2018).

Of course, China has been and will be an important strategic partner for Russia, and Russia will also seek to take advantage of China. However, the Sino-Russian partnership is built upon the common strategic aim to resist the US, as well as mutually beneficial economic cooperation. Therefore, should there be any change to US-Russia-China triangular relations, decline in the Chinese economic fundamentals, or growing Sino-Russian strategic competition in Central Asia, Russia's incentives to maintain its partnership with China will be called into question.

18.6 Conclusion: the self-created challenges facing China

To conclude, China is facing three major challenges in Central Asia.

First, Central Asians' perception of China has becoming increasingly negative, as was best demonstrated in the 2016 protest in Kazakhstan. Sinophobia still exists within the region today, and has in fact been spreading across the Stans. In other words, Chinese companies and laborers are not welcomed by locals in Central Asia, despite their government leaders opening the door.

Second, there exists a huge gap between the sentiments held by Central Asian governments and their people when it comes to China's expanding influence within the region. Although there are pro-China elites and even collaborators within Central Asian governments, China has so far failed to establish rapport with local people in Central Asia. Indeed, China's growing presence has been widely considered as negative and intrusive and has been heavily criticized by local people in Central Asia. Worse still, Chinese companies have tended to be regarded as foreign 'friends' of politicians, closely connected with corruption and treasonous behaviors that run counter to their own national interest. It is in this context that the construction of the 'New Eurasian Land Bridge', the export of natural resources to China, and land reform in Kazakhstan have given rise to strong waves of Sinophobia. The notion of a 'win-win' outcome repeatedly peddled by the Chinese government has actually been interpreted by local people in the Stans as a form of 'exploitation' of their homeland resources for the benefit of the Chinese government and the ruling elites in their own governments. Such political dynamics have already been seen in Kyrgyzstan, where China's influence has become increasingly noticeable in local politics.

Third, Russia still commands strong influence in Central Asia, and the Russian government has started resisting China's expanding influence in the region. For instance, when India and Pakistan officially became permanent members of the SCO in 2017, 'Russia pushed to bring India into the SCO, while another dominant power within the SCO, China, reluctantly agreed with Russia's proposal on the condition that Pakistan should also be invited (Jiang, 2020)'. Notably, some informants in Russia even claim that Russia has never joined the BRI officially, instead cooperating with China from outside the BRI framework.[8] Central Asian countries are keeping a close watch over Putin's attitude to China, and if Russia

more openly maintains distance from China, China will only find it more difficult to expand its presence in Central Asia.

Interestingly, the challenges facing China have actually been created by China itself. The Silk Road Economic Belt can only be successful with the cooperation and understanding of the governments and people of Central Asian countries and Russia. The political leaders and people of Central Asian countries, apart from monitoring Russia's attitude to China, also pay close attention to the BRI projects introduced in other countries, such as in Sri Lanka and Malaysia. Governments and elites in Central Asia might welcome China's investments, but they are not uninformed of the problems and controversies surrounding BRI projects in other countries. In other words, local politicians might be interested in profiting from Chinese investment or Confucius Institutes, but this does not mean they are ignorant of the risk of China's influence. Thus, they do not necessarily always regard themselves as supporters of China's BRI projects, and instead try to strike a balance from time to time, even as they continue to claim that they are 'cooperating' and will continue to 'cooperate' with China.[9] Such a position has now become more and more common in the former Soviet countries.

In conclusion, China might have successfully expanded its economic investments in Central Asia, with signature projects like the 'New Eurasian Land Bridge' being constructed; however, local suspicion of China's ambition and Sinophobia have been surging. As professor at Peking University Liao Yunxiang said: 'China has become a major trade partner of Central Asian countries, but has not yet seized the hearts of the people of those countries' (New School for Democracy, 2018). I would go further; not only has China failed to 'seize' the hearts of the people of Central Asia, but it is also actually 'losing' their hearts as a result of its behaviors and practices. The more aggressively China expands its influence in the current way, the more suspicious Central Asians will become of China's influence.

The views expressed in this chapter are those of the author and do not necessarily reflect the views of the Institute to which the author belongs.

Notes

1 About this incident, see: (Kumakura, 2017a, 2017b, 2018a, 2018b).
2 The author's fieldwork in Khorgos (July 2018). Also see: (Miller, 2017: 67–69).
3 For example, during my fieldwork visit to Kazakhstan in 2018, a taxi driver told me that 'Kazakhstan president is China's friend, and the Kazakhstan government is bandit.'
4 As Gaukhar Nursha also mentions, Confucius Institutes 'tend to become elementary-level language schools with low standards, weak accountability, and limited vision' (Nursha, 2018: 141).
5 The author's interview in Moscow (August 2018).
6 The author's interview in Moscow (August 2018).
7 For example, (Hai wai wang, 2018).
8 The author's interview in Moscow (August 2018).
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19 China's influence in Australia and New Zealand

Making the democratic world safe for dictatorship

Chongyi Feng and Kevin Carrico

Located on the peripheries of both the 'Western world' and China's sphere of influence in Asia, Australia and New Zealand have been primary targets for the united front operations of the Chinese Communist Party (CCP) over the past four decades. Seeing peaceful evolution toward liberal democracy as an existential threat, the CCP aims to weaken criticisms of its rule and shape political discourse about and thus policy toward China in the democratic world.

Australia and New Zealand have presented relatively soft targets for such infiltration for decades. First, the CCP has taken advantage of the open, multicultural, democratic environment in these states to incorporate its own anti-democratic influence into the two countries' media and political systems. Second, the two countries' national pride in maintaining an independent foreign policy has been exploited by the CCP to weaken their friendship with the United States, in particular, and the world democratic alliance, in general. And third, the governments of these two countries have adopted pseudo-pragmatic policies to the CCP's accommodate political activities on their soil, enabling the CCP-state to cultivate substantial influence on the Chinese diaspora, academia and politics.

As a result, China has created extensive networks of local collaborators that have effectively silenced criticism against its autocratic dictatorship among overseas Chinese communities, while infiltrated business, media, academia and government in both Australia and New Zealand. Yet the seeming success of these operations has produced in recent years a growing counter-mobilization. It remains to be seen whether these two countries can successfully meet the challenges inherent in engaging with the post-totalitarian CCP regime (Linz and Stepan, 1996; Feng, 2008),[1] which seeks to perpetuate its control not only over politics at home, but also over narratives about China abroad.

19.1 China's influence in Australia and New Zealand: direct and indirect influence mechanisms

Australia and New Zealand both established diplomatic relations with the People's Republic of China in December of 1972. Since that moment, China's relations with these two Oceanic powers have shifted considerably as the PRC has transformed from a politically and economically marginal dictatorship to an economic

superpower that nevertheless still clings to its dictatorial ways. Whereas optimists once assumed that economic development would fundamentally change China's political system, the Chinese Communist Party has in fact very efficiently harnessed its economic dynamism to serve continued political control. The assumed tensions between economic openness and political closure have instead been felt primarily in democratic countries developing close trade relations with China. Perhaps nowhere in the Western world are these tensions more apparent than in Australia and New Zealand.

Why, though, would Australia and New Zealand be of interest to the Chinese Communist Party? Australia hosts a wealth of strategic resources, such as iron ore and natural gas, imperative for China's development (Brady, 2017). As China's economic power has continued to expand, the PRC has become Australia's number one trading partner, with two-way trade totalling over $180 billion in 2017 (Needham, 2018). New Zealand's relatively cheap arable land and vibrant dairy industry appeal to an overpopulated China facing persistent concerns about safety in its dairy industry. China has thus also become New Zealand's largest trading partner, with trade increasing three-fold in the past decade, coming to $26.1 billion dollars in two-way trade in 2018 (Stats NZ, 2018).

These seemingly win-win mutually beneficial economic relationships, however, have also raised a number of increasingly pressing questions about China's direct and indirect political influences. Both Australia and New Zealand are situated on the Southern edge of the Pacific: a nexus for FONOP patrols in response to China's growing aggression in the South China Sea. The northern Australian city of Darwin, for example, has served as a base for US operations in the region. In 2015, however, the Northern Territories government leased the strategically important Port of Darwin to Landbridge, a nominally private company with close links to the Chinese state, raising serious questions about the impact of PRC trade on national security (Smee and Walsh, 2016).

Both countries are also members of the Five Eyes alliance, wherein the United States, Canada, the United Kingdom, Australia and New Zealand share intelligence with one another. As the debate about PRC espionage has intensified in recent years, fractures in this long-standing alliance have begun to show. In 2018, analyst Peter Mattis raised questions about whether New Zealand should continue to be included in the alliance, due to the expansion of PRC influence in the country's political system (discussed in more detail below) (Roy, 2018a).

Such developments signal the real risks of the China model, which has transferred its tenacious domestic formula of economic incentives and political controls onto the international stage with considerable success. Yet over the past three years, the CCP's political interference activities in the 'peripheral sovereign states' of Australia and New Zealand have drawn increasing attention, with one shocking revelation after another emerging since 2017 (Hamilton, 2018; Power and Influence, 2017; Brady, 2017). Clive Hamilton provided as succinct of a summary of these mounting revelations as possible when he asserted at the start of his controversial book *Silent Invasion* that: 'Australian institutions—from our schools, universities and professional association to our media; from industries

like mining, agriculture and tourism to strategic assets like ports and electricity grids; from our local councils and state governments to our political parties in Canberra—are being penetrated and shaped by a complex system of influence and control overseen by agencies serving the Chinese Communist Party' (Hamilton, 2018, p. 3). The real question raised by these revelations is whether liberal democracies like Australia and New Zealand defend their political values while still developing increasingly close economic partnerships with an increasingly aggressive dictatorship?

In three sections below, we first examine China's interference in Australia and New Zealand focused on three primary targets: the Chinese diaspora, the higher education sector, and the political system. Having established a basic summary of the nature of these interference operations, we will conclude by describing how said interference has generated a counter-mobilization, putting Australia and New Zealand on the front lines of the global debate on China's interference in open societies.

19.1.1 Targeting the diaspora

A Chinese-language newspaper engaged in open and critical reporting on contemporary Chinese matters found its private business advertisers placed under unprecedented state pressures. One after another, advertisers were confronted by agents of the Chinese government, and gradually, under government pressure, these private advertisers backed out from further advertising. In one case, a migration agency that had been placing ads in the newspaper for years was forced to cease advertising after China's state security essentially camped out in the agency's Beijing office and prevented its employees from doing any work.

Such deployment of commercial pressures on papers is a familiar tactic in the Greater China Region. Yet this newspaper is not based in China, nor even in Hong Kong—through such threats, Beijing was in fact able to extend its suppression of independent media all of the way to Sydney, Australia (Chan, 2018).

China's most determined and successful infiltration efforts have been focused on exerting control over the Chinese diaspora by bringing Chinese language media, Chinese community organizations, Chinese community leaders and local politicians of Chinese heritage into its sphere of influence (Feng, 2017). According to the latest census in 2016, there were more than 1.2 million ethnic Chinese in Australia, accounting for 3.9% of the entire population. In the census in New Zealand in 2013, the size of the Chinese New Zealander population stood at approximately 171 thousand, accounting for 3.6% of the entire population. Well aware of the power of democracy, the CCP-state aims to ensure that the majority of overseas Chinese are its active or passive supporters and that those who promote liberal values and democratisation of China are effectively isolated: a second front in the CCP's seemingly limitless state security spending, which from 2011 onward has in fact exceeded reported military spending (Zenz, 2018; Buckley, 2011). The CCP's united front work has been so successful that the ideological orientation and political identity

of the majority of Chinese migrants since the 1980s have been transformed from enthusiasm for democracy to enthusiasm for a race-based pan-Chinese nationalism (Feng, 2011).

Toward this ambitious goal of establishing 'discursive power' (*huayuquan*), or rather control, in the world, the CCP has extended its direct and indirect media controls to dominate local Chinese media in Australia and New Zealand. Through its Grand External Propaganda Program (*dawaixuan*), the CCP has provided billions of dollars (at least 45 billion yuan, or roughly 6.6 billion USD) for major state media outlets to establish branches overseas and for connected businesspeople to set up pro-CCP media outlets (Ye, 2018; Radio Free Asia, 2015; Brady, 2015). In addition to such direct funding, the Chinese regime also uses indirect, although certainly no less blunt, means to control media through their advertising. The regime may offer or deny business opportunities in China for the owners of overseas media outlets; they may also exercise pressure to block advertisements by Chinese companies and community organisations in overseas Chinese media outlets that are perceived to be unfriendly.

Through coercion or favour, the Chinese authorities have thus created a financial structure and political imperatives for Chinese media outlets in Australia and New Zealand to 'tell the China story well' on behalf of the party (*Global Times*, 2016). In terms of major Chinese language media outlets, including newspapers, television and radio, an insider at a pro-regime media outlet has estimated that over 90% of Chinese-language media in Australia are under CCP influence, especially keeping out any politically sensitive or unfavourable coverage of the CCP regime (Munro and Wen, 2016; Brady, 2017). To provide a concrete example of what this looks like for readers unfamiliar with these media, major sections of the *Australian New Express Daily* owned by Chau Chak Wing are copied directly from his *New Express Daily* and other newspapers in China, whose content is under the full control of PRC propaganda officials. Other major Chinese language newspapers in Australia, such as *Fortune Weekly*, *Daily Chinese Herald*, *Australian Chinese Daily*, *Sing Tao Daily* and *Pacific Times*, which were previously independent, have all since the 2000s changed to accommodate CCP influence and pressures.

In New Zealand, Chinese-language media are also being rapidly incorporated into China's system of media control. In 2002, the *New Zealand Chinese Herald*, a newspaper backed by the Chinese authorities, sued the *News Times Weekly*, a pro-democracy newspaper, for defamation after the latter criticized the former for being too close to the CCP. The resulting endless legal fees eventually forced the *News Times Weekly* into bankruptcy in 2012 (Schmitz, 2018). In 2011, Auckland's only Chinese-language 24-hour radio station FM 90.6 was taken over by a subsidiary of PRC propaganda agency China Radio International.[2] And as debates about CCP interference heated up in New Zealand in 2018, in clear service to the party in disservice to the community, Chinese language media carried opinion pieces with inflammatory rhetoric reminiscent of the Cultural Revolution, including calling supporters of democratization in China 'anti-Chinese sons of bitches' (Redden, 2018).

As media has fallen under the sway of the CCP, so too have community organizations: almost all Chinese community organisations in these two countries are in the hands of pro-CCP community leaders, except for tiny groups of Chinese democracy advocates, Falun Gong, Tibetans, Uighurs and Taiwanese. Local branches of the Council for the Promotion of the Peaceful Reunification of China are the flagship of these Chinese community organisations identified by the CCP-state as 'patriotic overseas Chinese organisations' engaged in united front work. This council also enlists the most active 'patriotic overseas Chinese leaders' chosen by the CCP-state, holding positions of considerable influence simultaneously in both Australia and China.

William Chiu, the founding president of the ACPPRC for its first six terms from 2000 to 2014,[3] also served as founding president of China Federation for Overseas Chinese Merchants, state patron of the NSW Branch of the Australia China Business Council, standing council member of the China Council for the Promotion of the Peaceful Reunification of China and as a representative to the 10th, 11th and 12th National Committee of the Chinese People's Political Consultative Conference.

Chiu's successor Huang Xiangmo, president of the ACPPRC from 2015 to 2017, also served as president of Australia-Guangdong Chamber of Commerce,[4] president of the Australian Federation for Guangdong Associations (China News, 2014), standing council member of the China Council for the Promotion of the Peaceful Reunification of China (Yuhu Group, 2015), standing council member of the China Overseas Exchange Association (COEA, 2017) and as a member of the Jieyang City Standing Committee of the Chinese People's Political Consultative Conference (Fang Zhang Gui, 2009).

The fact that these figures have been appointed to positions of importance in local communities as well as within the CCP-state bureaucracy is clearly indicative of the problematic relationship between the Beijing regime and ostensibly independent Chinese community groups overseas (which do not just purely coincidentally share the regime's perverse obsession with annexing Taiwan).

Perhaps the most remarkable achievement of the CCP united front operations in Australia and New Zealand is the increasingly prominent role played by regime linked migrants in national governments. The emergence in recent decades of successful politicians of Chinese heritage in these multicultural democracies has certainly been an encouraging trend that has the potential to remedy inadequate political participation among Chinese migrants (Feng, 2016). However, these encouraging developments have been given a malignant twist on account of China's intervention in local political processes.

Ernest Wong, for example, is an Australian politician of Hongkongese heritage with decades of service: first as a member of Burwood City Council for 15 years, and then as an Australian Labour Party member of the New South Wales Legislative Council from 2013 through 2019.[5] Alongside these many distinguished positions in Australia's democratic system, Wong also served as an 'honorary adviser' to ACPPRC, a CCP-linked organization openly dedicated to the annexation of a democratic polity by a dictatorship. Wong also encountered a

scandal in 2017 for failing for years to disclose his directorship of the CCP-backed Federation of Australian Guangdong Community Ltd, which was set up to 'promote collaboration between Guangdong-originating organisations in Australia and the Overseas Chinese Affairs Office of Guangdong province' (McKenzie, Smith and Hunter, 2018). Only when publicly questioned about his affiliation with these CCP-linked organizations did Wong disclose them, soon thereafter resigning both positions.

In New Zealand, the story of Yang Jian, a National Party member of New Zealand Parliament from 2011 to the present, reveals the challenges posed by Party-state influence (Jennings and Reid, 2017; Anderlini, 2017; BBC News, 2017). In 2011, Yang Jian was encouraged by National Party President Peter Goodfellow to become the country's second ethnically Chinese MP. Before leaving China, Yang had studied and taught at the People's Liberation Army (PLA) Foreign Language Institute at Luoyang, one of the PLA's two military intelligence agencies affiliated to the Third Department of the Joint Staff Headquarters of the PLA. This was not a casual coincidence: Yang was trained in, and subsequently worked as an instructor within, a central training platform for the CCP's intelligence services (Jennings and Reid, 2017). Since entering parliament in New Zealand, Yang has played a central role in shaping the New Zealand National government's China strategy. From 2014 to 2016, Yang Jian was a member of the Parliamentary Select Committee for Foreign Affairs, Defence and Trade, and accompanied PM John Key and his successor PM Bill English on trips to China, as well as in meetings with senior Chinese leaders when they visited New Zealand. This role granted Yang privileged access to New Zealand's China policy briefing notes and positions.

The issue here, we must emphasize, is not the ethnicity of the involved politicians, but rather the multiple indications of their conflicted loyalties. These cases also remind us that CCP influence on the diaspora does not happen in a separate universe: rather, it provides foundations for building influence over society as a whole, a clear goal for the Party-state.

19.1.2 Domesticating academia

The Australia-China Relations Institute (ACRI) was established in 2014, with major start-up funding from the CCP-aligned property developer Huang Xiangmo. Huang reportedly personally chose a retired politician with no academic background to head the research institute. Through its seminar series, regular briefings, opinion pieces, annual reports and commissioned papers, ACRI is openly devoted to promoting 'an unabashedly positive and optimistic view of the Australia-China relationship' (O'Malley, Wen and Koziol, 2016). In 2015, the institute's head met with deputy director of the Propaganda Bureau Sun Zhijun to iron out an agreement on cooperation on media coverage. Then in 2016, Liu Qibao, the director of the Central Propaganda Department, attended a signing ceremony with the institute's director, in which the institute signed an agreement 'with a party-led agency to work on the Propaganda Bureau's behalf' (Fitzgerald, 2018).

Unsurprisingly, considering the blatantly politicized nature of the institute from its inception, one academic reviewing its output argues that 'the quality of ACRI's research output is patchy at best, with far more examples of political advocacy than rigorous, independent research' (Leibold, 2017). Such a finding would not be particularly surprising for any research institute in China today, in an era in which such official ideologies as Xi Jinping Thought and the Belt-Road Initiative are assumed to provide the answers to research projects before the research has even begun.

ACRI, however, is not a China-based research institute. It was established at the University of Technology Sydney, and remains there even after years of criticism and increasingly discomfiting revelations raising doubts about the independence of its analyses.

The relationship between the Beijing regime and global academia is, to say the least, complicated. On the one hand, the People's Republic of China is arguably the greatest enemy of academic freedom worldwide today. Although academic freedom in China has been tightly constrained since the establishment of the People's Republic of China, the rise to power of Xi Jinping and the promulgation of Document #9 dictating an exhaustive list of topics that are not to be discussed in the classroom has effectively made the suppression of academic freedom a state priority. On the other hand, China is clearly a market with which the global academic community wishes to engage. With newfound wealth, China is a major source of students for the Australian tertiary education sector, as well as a major academic market for joint ventures. Beijing is also becoming increasingly proactive in providing financial support to universities and researchers at a time when academia around the world is facing a series of unforgiving cuts. Unfortunately, these two sides of Beijing's relationship to academia cannot coexist completely independently of one another: as Beijing's wealth and thus influence in the academic sector grows, its determined hostility to academic freedom, and, in particular, its opposition to open and honest discussion of contemporary China, must have very real implications for academics in Australia.

No phenomenon embodies these contradictions more clearly than Confucius Institutes. Currently there are 14 Confucius Institutes in Australia and three in New Zealand. The institutes are joint ventures in partnership between Australian and Chinese universities, ultimately reporting to and overseen by the Office of Chinese Language Council International (Hanban), under the PRC Ministry of Education. Rather than providing stand-alone services like the Alliance Francaise or the Japan Society, Confucius Institutes as extensions of the CCP-state are integrated directly into host universities. The curricula of these Confucius Institutes vary notably, ranging from language and culture to business management and traditional Chinese medicine, but are invariably limited by China's ban on views that do not comply with its ideology. Beyond legitimizing fundamentally illegitimate academic restrictions, Confucius Institutes furthermore incentivize universities to act on Beijing's behalf in order to safeguard the funding provided by these programs. For example, when the Dalai Lama visited Sydney in 2013, a speech planned on the University of Sydney campus was instead held off-campus,

and no university insignia were to be displayed onsite. Vice-chancellor Michael Spence claimed that the move was 'in the best interests of researchers across the university' (Hamilton, 2018, p 216), leaving one to wonder how such censorship serves the interest of any researcher. The establishment of a Confucius Institute on a university campus in democratic countries like Australia and New Zealand is in itself a compromise on values, lending legitimacy to China's state-controlled and taboo-laden vision of academia and welcoming such interference in our own universities to maintain a 'healthy' and 'positive' relationship with the Chinese government (Mattis, 2012; Fitzgerald, 2017; Kwok, 2018).

Such collaboration not only compromises fundamental values. As a recent ASPI research report shows, such collaboration can also empower rival states. Alex Joske's (2018) report 'Picking flowers, making honey: the Chinese military's collaboration with foreign universities' for the Australian Strategic Policy Institute details how researchers affiliated with the PLA have collaborated on research overseas on such sensitive military technologies as hypersonic missiles and navigation technologies. Of all of the Five Eyes countries, Australia has hosted the highest level of PLA research collaboration per capita, bringing in dozens of PLA scientists to work on the latest developments in dual-use fields that have substantial military applications (Joske, 2018). Such research collaboration is not only problematic for empowering a military that fired on its own people in 1989; such collaboration furthermore risks providing technologies that could in the future be used against the democracies of the world in a war over Taiwan or freedom of navigation in the South China Sea. The openness of research institutes is re-deployed to the advantage of the politically closed and territorially expansionist system that the PLA protects.

Another pressing concern for academia is the proactive nature of the various Chinese consulates in monitoring and applying pressure on how China is discussed in Australian classrooms. The two authors of this paper know all too well from experience, as well as from discussions with colleagues, the degrees to which Chinese consular officials monitor, comment on, and complain about representations of China in the classroom. In 2017, under pressure from the Chinese consulate in Melbourne, Monash University suspended Aaron Wjeratne after a quiz question in his human resources class referred to the popular Chinese saying that government officials only tell the truth when they are 'drunk or careless' (Hamilton, 2018). A student complained about the question on Wechat, leading consular officials to raise the issue with Monash's administration, who subsequently fired the lecturer for an admittedly imperfect yet certainly not career destroying quiz question. This outcome shows real power held by the consulate over the academic community. Unsurprisingly, this case led to a series of such incidents targeting lecturers for being 'politically incorrect' on China-related matters in 2017, some with considerably less disconcerting outcomes (Xu, 2017). Yet regardless of whether this uncertain alliance of aggrieved nationalistic students seeking to maintain a thought bubble, sensationalist Chinese-language news outlets like Sydney Today feasting on the resulting outrage, and consular officials dedicated to controlling the narrative actually succeeds in removing lecturers

from their positions, lecturers are already well aware that this is happening and may unsurprisingly shift their presentation of China-related matters in order to avoid such pressures.

The result, then, is a situation that mirrors the complexity of life in China today: it is unclear whether it is indeed censorship that maintains the taboo on a number of topics, or rather an always already internalized self-censorship that makes people collaborators in their own oppression. Whichever is the case, while academic exchange provides an ideal avenue for opening minds and generating new ideas, many features of Australia's academic exchange with China appear to be doing the opposite: creating institutional reliance on outside funding that is openly hostile to academic freedom, building collaborations that empower a rival state and military, and opening the independent academic world to intervention and control by the CCP-state-linked media and consular officials, who should have no say in what is taught in Australian classrooms.

19.1.3 Political power grows out of deep pockets

A political leader appears alongside a Chinese citizen with extensive ties with the CCP-state during a press conference open exclusively to Chinese media. When asked about China's militarization and occupation of the South China Sea, the politician responds, in a refrain that will be familiar to anyone versed in the language of Chinese officialdom, that 'the Chinese integrity of its borders is a matter for China'.

Yet the politician involved is no Chinese government official. He is Sam Dastyari, a Senator from Australia's Labour Party. He continues,

> the role that Australia should be playing as a friend is to know that we see several thousand years of history, thousands of years of history, where it is and isn't our place to be involved…and as a supporter of China, and a friend of China, the Australian Labour Party is playing an important role in maintaining that relationship. And the best way of maintaining that relationship is knowing when it is and isn't our place to be involved.
>
> (McDermott, 2017)

Dastyari's comments went against Australian national policy, as well as even his own party's policy on the South China Sea. Yet most seriously, they provided an unfounded aura of legitimacy for China's militarist actions in the South China Sea.

The most alarming cases of China's influence take place in elite politics, ranging from political donations and manipulation of elections to co-option of political leaders and cultivation of politicians. Major political parties in Australia have received generous donations from Chinese entities, which according to a recent study provided 79.3 percent of foreign donations to Australian political parties between 2000 and 2016 (Gomes, 2017). Some of these donations came from business figures linked to the CCP-state via community organisations affiliated with its

United Front Work Department, such as Huang Xiangmo and Chau Chak Wing. These donations have pushed money politics into uncharted territory. Rather than aiming to advance their commercial profits, these donors have used their money and connections to promote the political objectives of the Chinese government, as can be seen in the Dastyari scandal described above.

Huang Xiangmo, the Chinese citizen and Australian permanent resident who stood next to Dastyari at that press conference, was a property developer serving as president of the Australian Council for the Promotion of the Peaceful Reunification of China (ACPPRC) from 2014 to 2017 and founding president of the Oceanic Alliance of the Promotion of Peaceful Reunification of China since 2016. These are premier front organisations directly under the United Front Work Department of the CCP Central Committee, working to increase the influence of China abroad and gather support for the Chinese government's political agenda. Huang has made political donations of two million Australian Dollars to the Liberal and Labour parties since 2012 (News, 2018). His relationship with Sam Dastyari, culminating in Dastyari's leaking confidential information that Huang's phone could be tapped, led to the former Labour senator's disgraceful downfall in September 2016 (Massola, 2016). Chau Chak-wing, an Australian citizen living in a vast luxury mansion in Guangzhou, is another super-rich property developer who has developed deep connections with the CCP-state and cultivated relationships with several Australian prime ministers through millions in donations to major political parties (Garnaut, 2009; Engelen, 2011; McKenzie and Baker, 2017).[6] Chau has also aggressively used Australia's impractical defamation laws to silence discussion of his activities (Whitbourn, 2019).

Similar stories in New Zealand about donations from Chinese entrepreneurs with close connections to the CCP-state are no less sensational, albeit on a slightly less massive scale. Steven Wong, a food producer and president of the New Zealand Council for the Promotion of the Peaceful Reunification of China, and Che Weixing, deputy president of the Auckland Council for the Promotion of the Peaceful Reunification of China, are regular donors to New Zealand's major political parties (Brady, 2017; Jennings, 2017). Yikun Zhang, a property developer, ex-serviceman of the PLA and president of the Chao Shan General Association of New Zealand, even allegedly divided his NZ $100,000 donation to the National Party into smaller payments to ensure that they would not have to be disclosed under New Zealand electoral law.[7]

The CCP-state has successfully nurtured and cultivated friends and supporters right up to the top echelon of the political class of the two countries. In both Australia and New Zealand, notable friends of the CCP-state include several retired prime ministers and ministers. Former Prime Minister Paul Keating has been appointed by the Chinese government to chair the International Council of the China Development Bank, and has become an eager apologist for the Party-state. He went so far as to state in 2017 that: 'Taking 600 million people out of poverty requires some means of central government and authority…Or are we just hung up about the fact that some detainees don't get proper legal representation… That government of theirs has been the best government in the world in the last

thirty years. Full stop.'[8] On the other side of Australian politics, Andrew Robb, who served as trade minister for the Liberal-National Coalition government in 2013–2016, did all he could to facilitate a free trade agreement favourable to China and the controversial 99-year lease for the Port of Darwin to Landbridge, a Chinese company with close ties to the CCP-state. Right after his retirement Mr. Robb was named a consultant of Landbridge with a salary of nearly a million dollars a year, without obligating him to do anything (McKenzie and Massola, 2017). All of these senior ex-politicians and others have advocated policy positions preferred by China on issues such as the Belt and Road Initiative (BRI), and cooperation between Australian media and Chinese propaganda organs (Riordan, 2016; Xinhua Net, 2016). *Silent Invasion* identifies more than 40 former and current Australian politicians who Hamilton says are doing the bidding of China's government, many unwittingly. The CCP-state also recruits political leaders in New Zealand to serve its economic and political purposes, as detailed in Anne-Marie Brady's report *Magic Weapons* (Brady, 2017).

Coming full circle, influence over the diaspora analysed in the first section of this paper can also be wielded in attempts to influence Australia and New Zealand's political systems. This can be seen most clearly in the December 2017 Australian federal by-election in Bennelong amid an ongoing debate about Australian sovereignty and China's influence. During the campaign, a 1,700-character letter in Chinese circulated on social media, accusing the Liberal Party of being 'a far-right ruling party…privately against China, against Chinese, against ethnic-Chinese migrants and against Chinese international students', and calling on ethnic Chinese voters to 'mobilise, share this message and use the ballots in the hands of us Chinese to take down this far-right Liberal Party ruling party' (O'Malley and Joske, 2017). The letter, posted on WeChat by Yan Zehua, a veteran 'patriotic overseas Chinese leader' who serves as vice president of the ACPPRC, echoed coordinated attacks on the Liberal Party by Chinese state media. Despite this campaign, the Liberals emerged victorious, and proceeded to oversee the long-overdue passage of the National Security Legislation Amendment (Espionage and Foreign Interference) Act and the Foreign Influence Transparency Scheme Act 2018. These two laws represented a counter-mobilization against the constantly escalating interference detailed above, and a defining moment in the still ongoing debate about CCP influence.

19.4 Counter-Chinese influence mobilization: In search of the appropriate responses

2017 was a turning point in Australia-China relations, registering a major change in Australian attitudes toward China and the beginning of a counter-mobilization against the CCP's interference. This watershed soon extended across the Tasman Sea to New Zealand, making China's influence a topic of public interest in the region over the past three years. The resulting heated debates have focused on three main issues: the nature of the challenge posed by China's influence, the extent of this challenge, and the appropriate response.

In Australia, the ground-breaking June 2017 joint report by the ABC investigative TV program Four Corners and Fairfax Media newspapers launched the public debate on China's influence in a country that, just a few months prior, was actively considering an extradition treaty with the Chinese government. Based on careful review of official documents and wide-reaching interviews, this report shocked the Australian public by uncovering how the CCP-state had been secretly infiltrating the country through covert actions on Australian soil, tracking the activities and efforts of organisations and individuals backed by Beijing to intimidate and silence critics of the Chinese government (Power and Influence, 2017). Following this lead, a series of investigative reports on topics as diverse as political donations and international academic research collaborations contributed to unprecedented awareness of the extent of China's political operations in Australia. The discussion in New Zealand also surged in September 2017 with the publication of Anne-Marie Brady's report *Magic Weapons: China's political influence activities under Xi Jinping*, alongside reports investigating the curious political career of National MP Jian Yang.

The Australian government led by Prime Minister Malcolm Turnbull responded to revelations of interference by introducing new national security legislation to Parliament on 7 December 2017. Although China already has considerably more severe laws banning espionage and international interference which it uses without discretion, the Chinese government responded angrily to the proposed legislation. The Chinese Embassy in Canberra issued a statement on 5 December 2017, two days ahead of the introduction of the new foreign interference bills in the Australian Parliament, dismissing 'the so-called Chinese influence and infiltration in Australia' as 'fabricated news stories' that were 'filled with Cold War mentality and ideological bias, reflected typical anti-China hysteria and paranoia' and were guilty of wronging the Chinese government, vilifying the Chinese community in Australia with racial prejudice, and tarnishing Australia's reputation as a multicultural society.[9] *Global Times*, a state-run nationalistic tabloid, joined by labelling the proposed legislation 'new McCarthyism' (Tan, 2017).

The debate on the legislation culminated in the first half of 2018, as the Australian government solicited submissions on the draft laws. Media, academia, political groups, think tanks, industry, vested interests, NGOs, community organisations and lobby groups all weighed in. For supporters of the new legislation, the risks presented by the united front operations in Australia and New Zealand are salient in three areas. First, by silencing dissenting voices and controlling Chinese language media and associations of the Chinese diaspora, China has violated basic human rights and hindered mainland China migrants from identifying with the political culture and institutions of liberal democracy in their new home (Feng, 2011). Second, by building CCP collaborator networks and institutions in media and academia, China has extended its discursive power into the media and educational institutions in Australia and New Zealand, compromising fundamental freedoms (Fitzgerald, 2017). And third, by intervening in election processes and co-opting the political elite, they have undermined liberal values and democratic institutions (Brady, 2017; Garnaut, 2018; Fitzgerald, 2018a and 2018b; APPS, 2018a). These steps

by the CCP-state to use open societies to promote their closed vision of politics requires careful legislation, balancing citizens' rights and freedoms with effective measures to protect these rights and freedoms against threats from outside actors.

Although critics of the new bills claimed to want to distance themselves from the Chinese government, their positions echoed the Party's false accusations and deliberate misrepresentations discussed above. Critics of the legislation downplayed the nature and scale of China's challenge: many interpreted China's coordinated united front operations in Australia and New Zealand as simply a succession of isolated or random incidents.[10] While it is undoubtedly necessary to be vigilant against conspiratorial thinking, this vigilance does not by nature disprove the reality of any and all conspiracies: the United Front Work Department is, according to its own mission, engaged in conspiratorial activities.

Critics of the legislation also failed to recognise the inherently oppressive CCP regime as a dictatorship, engaging in illogical comparisons of political actors by comparing the CCP-state's interference to American influence in Australia (Brophy, 2018).

Critics of the legislation failed to see China's unbridled assaults on universal values and brutal repression of democracy and human rights activists as acts reminiscent of the Soviet Union in the Cold War, but instead echoed the CCP-state's propaganda machine labelling Beijing's critics as stuck in a 'Cold War mentality' and sparking a 'new Cold War' (Carr, 2018; Drysdale and Denton, 2018).

Critics seemed unconcerned about the China's transnational racialization of all people of Chinese descent as its subjects, combined with the Party's racial discrimination against these same subjects by envisioning people of Chinese descent as incapable of democracy and the rule of law. Rather, they accuse those calling for protection of people of Chinese descent in Australia from the Chinese government's abuses of being anti-Chinese racists engaged in the 'stigmatisation of Chinese Australians' (APPS, 2018b; Sun, 2018).

Critics of the legislation dare not speak out against the systematic censorship practised by the CCP regime and self-censorship resulting from China's intimidation, but denounce the counter interference laws in Australia, designed to protect free expression, as an attack on freedom of speech (Brophy, 2018).

Overcoming these baseless criticisms, the historic new counter foreign interference laws were passed in the Australian Parliament on 28 June 2018.[11] As these laws have begun to come into effect over the course of 2019 and 2020, it remains to be seen how effective they will be in halting China's extraterritorial interference. Meanwhile, in New Zealand, a call has been made for the similar laws to deal with China's interference and infiltration. On 8 October 2018, a petition was sent to the House of Representatives, asking for an inquiry into foreign influence in New Zealand politics and the need for new laws to protect New Zealand's values and electoral system (New Zealand Parliament, 2018). Recent revelations of threats to Anne-Marie Brady, the author of *Magic Weapons*, including break-ins into her home and office and dangerous tampering with her car, have also brought new and perhaps unprecedented pressures on the New Zealand government to push back against China's influence and protect freedom of speech (Roy, 2018b).

19.5 Conclusion: How to engage China economically while resisting its political influence?

Protecting democratic institutions and liberal values from foreign interference and suppression by a close economic partner presents unprecedented challenges for Australia and New Zealand. The two western countries that were once the primary targets of China's influence have since emerged as pioneers in the global discussion on and resistance to the CCP-state's interference.

In the period since this chapter was first written, ever more events in the region have highlighted the tensions inherent in this balance: the expulsion of Huang Xiangmo from Australia, violence against pro-Hong Kong protestors across the country, and the revelations of defector Wang Liqiang about the PRC intelligence services' operations overseas. It remains to be seen whether these two countries can successfully meet the challenges inherent in engaging economically with the politically repressive CCP regime, whose quest for control knows no bounds: and thus for whom such bounds must be established by the democracies of the world.

Notes

1. Post-totalitarian in the sense that the CCP maintains monopoly on political power but allows some plural space for personal autonomy, market economy and cultural diversity.
2. https://app.companiesoffice.govt.nz/companies/app/ui/pages/companies/4951539/directors (Access is limited)
3. http://www.acpprc.org.au/schinese/ben.asp
4. http://www.mofcom.gov.cn/article/i/jyjl/l/201409/20140900749449.shtml (Access Closed)
5. https://www.theaustralian.com.au/national-affairs/state-politics/labor-to-axe-mp-and-critic-of-interference-laws-ernest-wong/news-story/48e0c53cc88f49587080519dbfebc6e1 [Access Closed]
6. Australian citizen Chau Chak Wing's interactions with UF officials are widely documented on Chinese government websites. Weirdly, Chau claims to have 'no idea what [the UFWD] is'.
7. 'China donations claims throw New Zealand politics into turmoil', https://www.ft.com/content/7f1eba1c-d1e8-11e8-a9f2-7574db66bcd5. [subscriber only]
8. Speech of Keating at La Trobe University in April 2107 as quoted in Hamilton (2018, p.261).
9. Riordan, P., Benson, S. and Callick, R. 'Beijing lashes Canberra in diplomatic row', https://www.theaustralian.com.au/national-affairs/foreign-affairs/beijing-lashes-canberra-in-diplomatic-row/news-story/ee5f6342ec1ab0a2a5c6dd2c7258ef09 [Subscriber only]
10. Bob Carr, 'One Chinese political donation does not a scandal make', *The Australian*, 10 June 2017. [subscriber only]
11. This legislation package includes three bills: the *Foreign Influence Transparency Scheme Bill*, where anyone 'engaging with the Australian political landscape on behalf of a foreign state' must register as a foreign agent and the failure to disclose ties may be a criminal offence; the *National Security Legislation Amendment (Espionage and Foreign Interference) Bill,* introducing new criminal penalties for covert, deceptive or coercive foreign participation in political processes; and the *Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill,* banning foreign dona-

tions to political parties. http://parlinfo.aph.gov.au/parlInfo/download/legislation/bills/r6022_aspassed/toc_pdf. The *Electoral Legislation Amendment (Electoral Funding and Disclosure Reform) Bill* has not been passed yet.

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Conclusion

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20 China's influence and the pushback

Tentative conclusions beyond Hong Kong and Taiwan

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China works harder to exert influence in Hong Kong and Taiwan than anywhere else, because it claims sovereignty over these two territories and considers control over them essential to its national security. It also has more instruments of influence in these societies than elsewhere, because of their proximity to the mainland and their economic dependence on it, and because of the common language and shared elements of culture. Accordingly, as previous chapters reveal, resistance to China's influence is especially intense in these places, motivated in particular by China's threat to their political autonomy and to their populations' distinctive identities.

But resistance to Chinese influence is not unique to Hong Kong and Taiwan. As China's economy has grown and its concept of its security needs has expanded, China has acquired both the motive and the means to seek influence around the globe. In human affairs, as a rule, influence elicits a mixture of cooperation and resistance, and this mixture reflects diverse concerns and takes diverse forms depending on the nature of the influencer's economic, political and cultural relations with the influence target and the balance of forces within the country being influenced. This chapter looks at resistance to Chinese influence in various countries around the world, in order to provide a comparative framework for the study of resistance in Hong Kong and Taiwan.

A substantial literature has emerged that describes China's instruments and techniques of influence.[1] This chapter focuses instead on motives and forms of resistance. The focus is intentionally one-sided. The mere fact of resistance does not prove that the outside influence being resisted is malign. Given how recently China has assumed the role of a global power, it is too early to assess its net harm or benefit to other societies, and this chapter does not try to do so. Nor does the fact of resistance prove that influence attempts will fail. The balance between forces for and against accepting Chinese influence constantly changes in each country. China's behavior is also likely to adapt to try to make its influence more acceptable. For these reasons it is too early to assess how well China will be able to make itself welcome in various societies, and again, this chapter does not try to do so.

20.1 Pushback against China's influence in the world: the six major patterns

China's influence efforts around the world are just getting started, so the examples cited in this paper will be superseded by others. But they can still serve as examples of types of problems that Chinese influence efforts are likely to continue to encounter, and of the ways in which these problems relate to the economic and political features of target countries. For now, the following patterns stand out, with more than one such pattern often appearing in any given country.

- In countries where China has a large commercial relationship, resistance focuses on issues like the trade deficit, unfair terms of trade, commodity neocolonialism, and the influx of Chinese entrepreneurs.
- In countries included in the Belt and Road Initiative (BRI), where China is making large infrastructure investments, pushback focuses on the debt trap, the use of Chinese contractors, laborers and raw materials instead of local resources, environmental and social impacts, and corruption.
- In advanced industrial countries that see China as a competitor in high technology, resistance focuses on what is seen as unfair Chinese methods of technology acquisition.
- In Western democracies, which see themselves as political rivals of China, resistance focuses on the exercise of Chinese 'sharp power' to interfere in the integrity of democratic institutions.
- In countries around China's periphery and in other regions where China is perceived as having strategic ambitions, resistance to Chinese influence is motivated by the desire to resist excessive influence from any one major power.
- In countries with substantial or influential ethnic Chinese populations, resistance focuses on China's relationship with these ethnic kin populations or on questions of racial hierarchy.

Commercial partners. China is a major trading partner of some sixty countries. In each of these countries there are substantial business constituencies (and in some of these countries consumer constituencies) that benefit from trade with China and welcome it. However, China trade also produces resistance—generally of two types.

First, where China enjoys a trade surplus—especially in the United States, but also in roughly 30 of its other major trading partners—domestic producers complain about China flooding the market with its own products at unfairly low prices. For example, low-priced Chinese solar panels drove American (as well as German and South Korean) manufacturers out of the market, leading the US to impose retaliatory tariffs against Chinese 'dumping' (Cardwell, 2014). Kenya charged that Chinese tilapia imports were undercutting domestic production (Ombok, 2018). Latin American countries in the 2010s took up more antidumping investigations against China than any other world region, focusing on manufactured goods, metallurgical products, petrochemicals, textiles, and other

products (International Bar Aassociation Divisions Project Team, 2010). In many countries there are also complaints that domestic producers are not granted equal access to the Chinese market in order to compete.

Second, where the trade relationship is dominated by Chinese purchases—usually of raw materials and primary products like oil, metals, and agricultural products—the leading complaint is commodity neo-colonialism. The complaint in Ecuador is that a combination of high interest rates and low purchase prices gives China long-term control over Ecuador's oil resources (Aidoo et al., 2017). So too in Venezuela: China's loans have given it long-term control over the country's oil resources (Rendon and Baumunk, 2018). Mongolia adopted a host of regulations to constrain the huge influence of neighboring China because, as one former official explained, 'We cannot afford to have one particular nation control our business' (Hutzler, 2012).[2] And in Brazil, Jair Bolsonaro ran successfully for the presidency in 2018 partly on a platform that China was buying into the oil, mining, energy, agricultural, and transportation sectors in order to gain control of the Brazilian economy. Bolsonaro was quoted as saying, 'The Chinese are not buying in Brazil. They are buying Brazil' (Jake Spring, 2018).

In some countries around China's periphery, such as Myanmar and Laos, as well as in Africa, there is the complaint that Chinese businessmen are taking over the trading or manufacturing sectors. In Myanmar, 'Residents view [Chinese traders] as interlopers who take advantage of Mandalay's location close to India and Bangladesh, Laos and Thailand, as well as a large swath of southern China' (Perlez, 2016). In Africa, 'Many migrants initially move to Africa as workers on Chinese projects in infrastructure and mining and then, perceiving good economic opportunities, stay on…. Chinese workers bring skills and entrepreneurship, but their large numbers limit African workers' opportunities for jobs and training' (Dollar, 2016).

Issues of dumping, commodity neo-colonialism, environmental damage and competition with local businesses often come together to create broad-based dissatisfaction with the Chinese role in the local economy. In Africa, for example, a RAND study reports,

> Labor unions, civil society groups, and other segments of African society criticize Chinese enterprises for their poor labor conditions, unsustainable environmental practices, and job displacement. Good governance watchdogs warn that China negotiates unfair deals that take advantage of African governments' relative weaknesses, foster corruption and wasteful decision-making, and perpetuate a neo-colonial relationship in which Africa exports raw materials in exchange for manufactured goods.
>
> (Hanauer and Morris, 2014)

Finally, the behavior of Chinese tourists has been a source of complaints in some countries in Europe and Asia, although it is not as big a problem as it has been in Hong Kong (Levin, 2013).

BRI partners. Approximately 80 countries were members of China's Belt and Road Initiative (BRI) at the time this chapter was written. China has reportedly

committed one trillion dollars of capital to the program, although the number is an estimate and much of the capital has not yet been delivered (Hillman, 2018a).[3] These investments are welcomed by government officials and economic actors in recipient countries who stand to benefit from the projects. However, in most BRI countries Chinese investments have also generated pushback.[4]

The most prominent source of resistance to BRI investments is the issue of the 'debt trap'. As noted in Chapter 5 of this volume, the Washington-based Center for Global Development in 2018 assessed that 23 countries were facing either 'significant' or 'high' risk of debt distress because of BRI borrowing (Hurley et al., 2018).

The poster case for this problem has been Sri Lanka, where loans were taken from China totaling about one billion dollars at commercial rather than concessionary rates in order to construct a major shipping port in Hambantota, a fishing port in the home district of then president Mahinda Rajapaksa. Rajapaksa's political rivals opposed the project at the time, but when they took a turn in office they were unable to cover the loan payments and were forced to yield the port and surrounding land to a Chinese state–owned company for a 99-year lease (Abi-Habib, 2018). Another conspicuous case of heavy indebtedness emerged in Pakistan, in connection with China's biggest BRI project, the China-Pakistan Economic Corridor (CPEC). Presidential candidate Imran Khan campaigned in 2018 partly on a platform of revealing the extent of the country's indebtedness to China. But after he took office, and applied to the International Monetary Fund for debt relief, Khan refused to reveal the details of Pakistan's loans from China to the IMF or to the Pakistani public (Abi-Habib, 2018 and 2019). Excessive debt to China is a concern in many other countries throughout Asia and Africa.[5]

A second source of resistance to the BRI—likewise illustrated by the Hambantota case—is that Chinese invested projects often fail to be commercially viable, because they were politically rather than commercially motivated in the first place. Hambantota was chosen as a site for port development in order to burnish President Rajapaksa's political support in his home district, despite advice that the port could not make money in an economically underdeveloped area that did not have much commercial traffic; moreover, the port site was blocked by a large rock that had to be removed at great cost. In Pakistan as well, the new government of Imran Khan reportedly hoped to redirect some of the CPEC investment away from infrastructure into more commercially viable industrial and agricultural projects (Tiezzi, 2018).

A third BRI-related issue is the failure of Chinese invested projects to use local labor and supplies. An apparent purpose of the BRI is to support continuing GDP growth in China by exporting demand for Chinese engineering, construction materials and labor. For this among other reasons, Chinese project managers tend to use Chinese firms rather than local firms as contractors. As noted in Chapter 5 of this volume, 'according to the findings of Center for Strategic and International Studies…among the contractors working on China-funded transport infrastructure projects in the 34 Asian and European countries, 89 percent were Chinese and only 7.6 percent were local contractors, [a] situation…which differs

significantly from projects in Eurasia funded by the two Western multilateral development banks.' In Malaysia, 'the value of new construction contracts created as a result of increased Chinese investment is primarily accruing to Chinese firms' (Todd and Slattery, 2018). In Africa as well, 'Chinese financing of infrastructure has…enabled Chinese construction companies to gain a firm foothold on the continent. Evidence suggests that Chinese companies have become highly competitive, crowding out African construction companies' (Dollar, 2016).

A fourth BRI related issue is environmental and ecological damage. Environmental damage from Chinese dams, mines, and road and railway construction has been widely reported in Myanmar, Laos, Colombia and many countries in Africa.[6] As Elizabeth Economy and Michael Levi summarize, 'Without effective environmental regulations, transparency and enforcement at home, Chinese companies are unlikely to bring strong environmental practices when they invest abroad' (Economy and Levi, 2014).

Finally, BRI projects are often associated with corruption. Malaysia was a glaring example of this problem. After the 2018 elections in Malaysia, 'about $23bn in China-linked infrastructure undertakings were suspended…as Kuala Lumpur ramped up its investigation into corruption surrounding 1MDB, a scandal-ridden state investment fund' (Kynge, 2018). In Laos, 'You have vice ministers in the Lao government for whom China has paid two or three million dollars. China bankrolls their salaries, too' (Doig, 2018, p. 35). In the Maldives in 2018, '[Ibrahim] Solih's election has brought a reevaluation of [former president Abdulla] Yameen's heavy borrowing from China, which many worried had abetted official corruption and would leave the country effectively under the control of Beijing…' (Balding, 2018). In the Czech Republic and in Georgia, BRI projects were negotiated through corrupt dealings with local power brokers (Hala, 2018). African countries where BRI-related corruption has become a political issue include Kenya, Zambia, Uganda (Balding, 2018), Ghana (Huang, 2012) and Algeria (*Tech Wire Asia*, 2012).

Advanced industrial competitors. In advanced industrial countries that see China as a rising competitor, pushback against Chinese influence focuses on the complaint that China is using access to Western economies to get control of cutting-edge technologies in order to dominate key fields of the 21st-century economy like robotics and artificial intelligence. (Other issues in the Sino-Western investment and technology relationship, like cyber-theft of technological secrets and obstacles to Western investment and marketing in China—the issue of the 'level playing field'—fall outside the scope of this chapter.)

This worry focuses chiefly on Chinese investment. The problem is not that Chinese investment is so large in quantity. For example, in Europe, 'By number of transactions or projects, China amounts to less than 5 percent of FDI', according to the European Council on Foreign Relations. The problem instead is that '[Chinese] acquisitions often target high-tech sectors and niches where China has an explicit goal of achieving world-class levels', and the links of the Chinese investors to the Chinese government and military are opaque (Godement and Vasselier, 2017). Likewise, in the United States, China is said to have unveiled an

'aggressive strategy of leveraging private investors to buy up the latest American technology' (Bennett and Bender, 2018). In response, the US Congress has adopted a law to expand the investment-screening authority of the Committee on Foreign Investment in the United States (CFIUS) (Rappeport, 2018), and the European Union has created an investment screening framework modeled on the American system (European Commission, 2018).

In these countries there is also concern about the loss of technology to Chinese students and scholars studying high-tech subjects. A 2018 report of the Australian Strategic Policy Institute alleged that the Chinese People's Liberation Army was engaged in joint projects on sensitive technologies with universities in the US, UK, Australia, Canada, Germany, Sweden, Singapore, the Netherlands, Japan and France, often under civilian cover. The report advocated closer scrutiny of the background of Chinese institutions and scientists before engaging in such collaborations.[7] In the United States, the National Institutes of Health warned that some Chinese scholars and students at US universities were transferring confidential information about NIH-funded research projects back to China so that Chinese laboratories could leapfrog innovations being sought in the US (Pear, 2019). FBI director Christopher Wray told a Senate committee,

> I would just say that the use of nontraditional collectors, especially in the academic setting, whether it's professors, scientists, students, we see in almost every field office that the FBI has around the country…. They're exploiting the very open research and development environment that we have, which we all revere, but they're taking advantage of it.
>
> (Open Hearing On Worldwide Threats, 2018)

In response to this concern, the US has started to restrict visas for students and visiting scholars in some fields of study (Yoon-Hendricks, 2018).

Western democracies. Western democracies increasingly see themselves as the targets of Chinese 'sharp power'—the use of money and favors, access or denial of access, and other forms of pressure to influence political, media and academic discourse.[8] There is some debate over whether China is trying to destabilize Western democracies in the same way that Russia is trying to do, or seeks to promote a 'Chinese model' in countries where it has influence, or only wants to influence the way China's image is presented around the world. So far, it appears that Chinese influence operations are aimed chiefly at blocking criticism of China, creating a positive image, and promoting a China-friendly policy environment (Nathan, 2015).

These efforts are not resisted everywhere. Governments in the Czech Republic, Hungary, and some other Central and Eastern European countries (Hala, 2018), and also in Greece and Portugal (Le Corre, 2018), have welcomed Chinese political influence, partly in order to court investment and partly to create a counterweight against political pressure from Brussels and Washington over illiberal practices or fiscal issues.

But in the more robust democracies, Chinese influence is increasingly seen as unacceptable. Former Australian Prime Minister Malcolm Turnbull described

Chinese influence activities as often being 'covert, coercive, or corrupt' (Turnball, 2017). Australia has mounted the strongest response so far, by adopting new laws in 2018 that strengthened penalties for espionage and imposing a US-style registration scheme for those acting on behalf of foreign interest (Douek, 2018). The United States Congress 'is weighing an expansion of the Foreign Agents and Registration Act to curb propaganda and disinformation from Chinese state media and think tanks' (Patey, 'China is Pushing its Luck with the West,' 2017 and *National Law Review*, 2018).

The European response has been hampered by division among countries, and by what Godement and Vasselier label a 'gold rush' by European politicians, businesses, media groups and universities to benefit from Chinese access and patronage. They recommend that the EU unify its approach to China and adopt an EU-wide system of investment screening, while Benner and others, writing for the Global Public Policy Institute and Mercator Institute for China Studies, advise that European states should screen Chinese investments, ban foreign support for political parties, provide help to poorer European Union member states that are vulnerable to Chinese financial pressure and promote transparency for universities, media organizations and politicians that accept Chinese support (Godement and Vasselier, 2017; Benner et al., 2018).

Security concerns. Increased Chinese influence offers security benefits to some countries. For Hun Sen of Cambodia, for example, reliance on China has offered a way to escape Western pressure on human rights issues. Nepal has been able to use the Chinese presence to balance against Indian influence.

But there is a corresponding price to pay in the loss of national autonomy. Cambodia has had to do Chinese diplomatic bidding within the councils of the ASEAN regional grouping—for example, in 2012, when it prevented the issuance of the normal consensus statement at the ASEAN foreign ministers' meeting (Natelegawa, 2018). Chinese security forces are active in Laos, Myanmar and Thailand.[9] Nepal has been forced to shift its formerly welcoming policy toward Tibetan refugees in violation of Nepali respect for Tibetan Buddhism (Krakauer, 2011).

Countries feeling Chinese influence often try to evade or balance against it. The 2011–2015 political transition in Myanmar seems to have been motivated partly by a desire to escape from a situation of Chinese dominance by creating an opening to the West. In the Philippines, President Roderigo Duterte tilted to China to evade American pressure, but then came under criticism for aligning too closely with China (Beech and Gutierrez, 2018; Akita, 2018).

Another kind of security threat is perceived in the use of Chinese telecommunication equipment to build up other countries' fifth-generation mobile data networks. Concern over this issue has focused on the Chinese firms ZTE and Huawei, which are suspected of building espionage back doors into equipment they sell to other countries. For this reason the United States, Australia, New Zealand, Japan, the Czech Republic and other countries have blocked Huawei and ZTE from supplying technology for their networks (Xu, 2018; Muller, 2018; Nussey and Yamazaki, 2018).

Chinese influence can also pose an indirect impact on security by destabilizing the balance of power in a region. In South Asia, the growing Chinese presence in Pakistan has intensified the India-Pakistan confrontation and has also triggered an Indian strategic response to try to balance China through an enhanced presence in Southeast Asia and enhanced defense cooperation with the United States, Japan and Australia (Grare, 2017). In Europe, 'China has sought to engage with Central and Eastern European states outside of the EU framework…[M]aintaining [EU] unity remains an exercise fraught with difficulties' (Brattberg and Soula, 2018). The European Council on Foreign Relations has warned that China's growing control over European ports poses a threat to economic security and diplomatic autonomy, and even makes possible Chinese military use of European territory (Godement and Vasselier, 2017).

A final type of security risk arising from Chinese influence is the intensification of internal conflicts within a country. Here Pakistan again serves as an example. The International Crisis Group reported that the Gwadar port project in Balochistan 'is producing a heavily militarised zone, displacing locals and depriving them of economic lifelines. In Sindh's Tharparkar district, coal-based CPEC [China Pakistan Economic Corridor] power projects are not only damaging the environment, but are also displacing locals from their homes and could destroy livelihoods' (International Crisis Group, 2018). Chinese investments in Pakistan have drawn terrorist attacks from separatist groups (Ahmad and Masood, 2018). And the whole CPEC project has become a focus of conflict between civilian and military leaders seeking to control it (Abi-Habib, 2019).

The Overseas Chinese issue. In many countries, resistance to Chinese influence is informed by the fear that the country's ethnic Chinese citizens are more loyal to China than to their home country. The issue is particularly severe in Southeast Asia, which is home to an estimated 30 million Overseas Chinese (*huaqiao*). When Chinese workers or second-home owners flood into a country that already has substantial Chinese minorities, local people fear the ethnic balance will be destabilized. For example, when the China Railway Engineering Corporation purchased a 60% share in a large real estate project called Bandar Malaysia,

> For Malaysians leery of Chinese saturation, the news went off like an air raid siren. 'Bandar Malaysia has become Bandar China,' blared the headline atop one blog.
>
> (Doig, 2018, p. 69)

The strong popular reaction caused the Malaysian government to cancel the deal. Mathathir Mohamad, at that time leading the opposition to the Najib Razak government, issued frequent warnings about Chinese-backed development, warning that 'much of the most valuable land will now be owned and occupied by foreigners' and 'will become foreign land' (Doig, 2018, p. 79). In Laos, a Chinese-invested project that would 'allow 50,000 Chinese citizens to move into the development…provoked a rare outcry from the Lao public', leading to

a downsizing of the project (Doig, 2018, pp. 26–27). Sentiment against ethnic Chinese is also widespread in Indonesia (Rüland, 2018, p. 76).

Singapore, which alone among the Southeast Asian states has an ethnic Chinese majority, is allergic to the appearance of undue Chinese influence both in order to maintain harmony between the majority and ethnic Malay and Indian minorities, and in order to avoid friction with its majority-Malay neighboring states (Chua, 2017).

In advanced industrial countries and democracies, the issue of divided loyalties intersects with the worry over technology theft and the concern over Chinese exercise of sharp power, because those conducting the theft or exercising the sharp power are sometimes local citizens of Chinese ethnicity. While such countries want to avoid ethnic profiling, Beijing's United Front strategy of calling on ethnic Chinese to show loyalty to the motherland tends to bring ethnic Chinese under suspicion even if they are fully loyal to their country of citizenship (Brady, 2018; Fitzgerald, 2018; Hannas et al., 2013).

Finally, in many countries, resistance to Chinese influence includes an element of racial prejudice, which can work in two directions. In some countries Chinese influence is viewed as less acceptable than European or American influence because of traditional ideas of racial hierarchy. In Central Asia, for example, 'Anti-Chinese sentiment is widespread at all levels of society in each Central Asian state and racist stereotypes often are aired publicly' (International Crisis Group, 2017). In Latin America, Argentine President Mauricio Macri remarked, 'If everything comes from China, this will be an imbalance. We are mainly descendants of Europeans, so it's easier to deal with Europe than Asia' (Patey, 'China Made Mauricio Macri a Deal He Couldn't Refuse,' 2017). In other countries, particularly in Africa, Chinese attitudes of racial superiority generate resistance among local populations (Goldstein, 2018).

20.2 Lessons from the rest of the world: can they be transferred to Hong Kong and Taiwan?

Conclusions. In most countries, several of the factors discussed above come together to motivate pushback against Chinese influence. Racial and ethnic stereotypes may reinforce dissatisfaction over commercial competition, environmental damage, or labor exploitation; security fears may reinforce resistance to BRI projects; Chinese influence attempts are more likely to be viewed as malign where technological and commercial competition are intense.

Many of the complaints against China are the same as those made against other major powers, such as the United States.[10] Yet the reaction against China often seems to be sharper. This may be partly due to the fact that large-scale trade with and investment from China is new. Emerging suddenly, it may upset the domestic balance of power among commercial or political forces and in this way trigger opposition. Or it may simply take time to become familiar and thus accepted. As well, Western intentions may seem to be well-known while China's long-term goals remain mysterious, perhaps even to the Chinese themselves. And the Third

World critique of Western power as neo-colonial is familiar and in some way routinized, while criticisms of Chinese power are newer and elicit fresh passion.

Chinese power is not undergirded by a sense of common identity in other nations in the way Western power has been. There was a common ideological identity for members of the socialist camp under the USSR during the Cold War, and the post–World War II American zone of influence shared an 'Atlantic' identity in Europe and a 'liberal-democratic' identity beyond Europe. But none of China's neighbors except perhaps North Korea and Vietnam identifies itself with China ideologically, and those that identify with China culturally—Singapore, Hong Kong and Taiwan—are anxious to assure that this cultural similarity is not used as a channel of Chinese Communist Party influence over their societies. China's attempts to create a common 'Third World' or 'developing country' identity, and the more recent rhetoric of a 'Community of Shared Future for Mankind', have not overcome this identity deficit.

The lack of a common identity is part of a more general weakness of Chinese soft power. Even if the United States created the 'liberal world order' for the selfish purpose of providing for its own security (Rose, 2019, pp. 10–21), the American vision of shared security was grounded in some degree of benefit to other countries. The Chinese exercise of influence has so far, fairly or unfairly, been perceived as more purely selfishly motivated. As a Southeast Asian diplomat put it to me in a conversation, 'China's attitude toward other Asians is, "You are small and we are big"—you must defer to our interests. The Americans may ruthlessly exercise power and may promulgate a specific ideology that it believes is superior, but their style is more egalitarian. People find the Chinese posture more threatening and also insulting to their dignity.' Moreover, as Will Doig notes, 'Chinese soft power is tainted by the regime's own authoritarianism and reputation for narrative control' (Doig, 2018, p. 52).

Yet in the end, money talks. Thus, despite its ties with the corrupt Najib regime, China was able to sustain its influence in Malaysia after Najib's fall (Bland and Jacques, 2018). In Myanmar, the generals created an opening to the West in order to balance Chinese influence, but the first foreign visit of the new leader, Aung San Suu Kyi, was to China (Associated Press, 2015). Sierra Leonean leaders canceled plans to build a China funded airport after assessing the project would not be economical, but then reversed themselves and sought additional loans (Searcey and Barry, 2018). According to Luke Patey, 'From Zambia to the United Kingdom, China has been a political punching bag for opposition figures and incoming leaders to scrutinize the initiatives of their predecessors. Once settled in power, however, new leaders tend to roll back the tough talk, realizing the nearly irreplaceable importance of China as a trading partner and investor' (Patey, 'China Made Mauricio Macri a Deal He Couldn't Refuse,' 2017).

Moreover, China is likely to learn and adapt as it gains experience in ways to make its influence more acceptable. According to one analyst, 'China's government and companies are still on a learning curve. The strong backlash against the BRI is leading them to reflect on their business and investment practices, both at home and abroad…. A lot of resources are invested into studying "international

standards", though there is no consensus on what exactly they constitute' (Yu, 2018). Erica Downs reports, 'Numerous Chinese companies have learned the hard way that good corporate citizenship is good for business…. Consequently, China's energy and mining firms are building schools and health clinics, creating jobs for locals, protecting rare species of flora and fauna, and supporting sports teams around the globe as part of their efforts to reduce above-ground risks and burnish their reputations' (Downs, 2014).[11] And in Africa, 'In an effort to make Chinese trade and investment appear less one-sided, Beijing has promoted "sustainable" economic development through "win-win" commercial deals that generate tangible, long-term economic benefits for African nations in the form of jobs, training, and technology' (Hanauer and Morris, 2014).

The lessons from the rest of the world—ambiguous though they are at this point—do not transfer smoothly to Hong Kong and Taiwan. Many of the motives for pushing back against Chinese influence described in this paper also exist in some form in Hong Kong and Taiwan. But better Chinese corporate governance or enhanced cultural sensitivity will not change the balance of pushback and welcome in these two societies as readily as they may do in other societies. It is only in Hong Kong and Taiwan that Chinese influence poses an existential threat to the target society's autonomous existence.

Notes

1 A substantial literature has emerged that describes China's instruments and techniques of influence (Brady, 2017; *Sharp Power,* 2017; *Chinese Influence,* 2018; Benner et al., 2018).

2 Former vice minister of finance, Ganhuyag Ch. Hatagt, quoted in Charles Hutzler, 2012; Eizabeth C. Economy and Michael Levi, *By All Means Necessary: How China's Resource Quest is Changing the World* (New York: Oxford University Press, 2014), pp. 76–77.

3 Other sources give different numbers for the number of countries and amount of capital involved.

4 There is also some criticism of BRI expenditures within China, but that is outside the scope of this paper. See, for example, Matt Schrader's 'Domestic Criticism May Signal Shrunken Belt and Road Ambitions' in *China Brief,* (Schrader, 2018).

5 For example, see Emily Feng's 'Chinese Investment Extends Its Influence in Nigeria' in the *Financial Times* (Feng, 2018).

6 For example, see James Kynge's 'China's Belt and Road difficulties are proliferating across the world' in *The Financial Times* (Kynge, 2018) and Agence France-Presse's "Conservationists in Ghana dig in against China-backed bauxite mining plans" in *South China Morning Post*, (France-Presse, 2018).

7 Alex Joske, 'Picking flowers, making honey,' Australian Strategic Policy Institute, October 3, 2018. [online] Available at: https://www.aspi.org.au/report/picking-flowers-making-honey [Accessed 7 January 2018].

8 See sources cited in footnote 1. (Brady, 2017; *Sharp Power,* 2017; *Chinese Influence,* 2018; Benner et al., 2018).

9 See, for example, Brendon Hong's 'How China Used Drones to Capture a Notorious Burmese Drug Lord' in the *Daily Beast* (Hong, 2014).

10 See, for example, Stephen M. Walt's *Taming American Power: The Global Reaction to U.S. Power* (Walt, 2006).

11 Also see Economy and Levi's 'Chapter 6: Growing Good Governance' (2014) and Chapter 5 of Nadège Rolland's *China's Eurasian Century? Political and Strategic Implications of the Belt and Road Initiative* (2017).

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Epilogue

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21 The place of Hong Kong and Taiwan in the Asia policies of the Trump Administration

Richard C. Bush

In the title of this epilogue, I use the plural word 'policies' for two reasons, one obvious and the other not.

The obvious reason is that Hong Kong and Taiwan each has a different legal status in the eyes of the US government. Washington recognizes that Hong Kong is part of the sovereign territory of China and is a special administrative region of the People's Republic of China. Regarding Taiwan, in the communique through which the United States recognized the PRC as the sole, legal government of China and established diplomatic relations with that government. While the Carter administration 'acknowledged the Chinese position that…Taiwan is a part of China', it did not say that this was the US position. This difference, of course, stems from history. Hong Kong was a dependent territory of the United Kingdom. Taiwan is the territory governed by the Republic of China, which before New Year's Day 1979 the United States recognized as the government of China.

Regarding the American institutional presence in each place, the United States maintains a large consulate general in Hong Kong. Although that large organization is associated organizationally with the US embassy in China, it has a more autonomous status than other American consulates in China (e.g., Shanghai or Chengdu). For Taiwan, pursuant to its pledge to Beijing to maintain unofficial relations with 'the people' of the island, the United States conducts substantive relations through the nominally private American Institute in Taiwan. Congress has legislated policy guidelines for each place, in the Taiwan Relations Act of 1979 and the US Hong Kong Policy Act of 1992.

The less obvious reason for using the word 'policies' is that when it comes to Taiwan, the Trump administration has conducted several different policies at once. Also, over and above US relations with Hong Kong and Taiwan, there is the administration's broad policy theme of a 'free and open Indo-Pacific' (FOIP). I will address the FIOP first, turn then to Hong Kong, and lastly address Taiwan.

Free and Open Indo-Pacific

The Trump administration spokespersons are consistent in the way they define the terms 'free' and 'open'. For example, Admiral Phil Davidson, commander

of the US Indo-Pacific Command, testified before the Senate Armed Services Committee as follow:[1]

- When we say *Free*, we mean free, both in terms of security—free from coercion by other nations—and in terms of values and political systems. Free to choose trading partners. Free to exercise sovereignty.
- An *Open* Indo-Pacific means we believe all nations should enjoy unfettered access to the seas and airways upon which all nations' economies depend.
- Open includes open investment environments, transparent agreements between nations, protection of intellectual property rights, and fair and reciprocal trade—all of which are essential for people, goods and capital to move across borders for the benefit of all.

Davidson identified five challenges to this regional vision: North Korea, China (represents 'our greatest long-term strategic threat'), Russia, terrorism and natural disasters. His elaboration on China reflected the theme of the administration's National Security Strategy and National Defense Strategy: that China presented an existential threat to the United States, East Asia and the world. He said that China was fostering 'a fundamental divergence in values that leads to two incompatible visions of the future. Through fear and coercion, Beijing is working to expand its form of ideology in order to bend, break, and replace the existing rules-based international order. In its place, Beijing seeks to create a new international order, one with "Chinese characteristics" and led by China.'

Davidson was smart enough to recognize that most of the FOIP policy was not new and its principles had long been the foundation of US policy towards Asia (for example, the reliance on 'like-minded allies and partners'). A cynic might even say that with the exception of FOIP's 'you-live-I-die perspective' on China, a marginally greater emphasis on India, and a new 'brand,' the Trump administration's strategy was essentially the same as the Obama's re-balance strategy, except that the latter was more fully developed conceptually.[2]

Because the FOIP approach lacks substance to go with its principles and a zero-sum approach to China, it is difficult to specify how Hong Kong and Taiwan fit within it. The administration's 'phase one' trade deal with Beijing violated norms of free trade. It could have seized the opportunity to cooperate with China on COVID-19 but instead chose to demonize Beijing.

Hong Kong

When it comes to Hong Kong, it is fortunate that Kurt Tong, the US Consul General in Hong Kong gave a rather extensive speech on 27 February 2019 on the subject of 'Hong Kong's Role in the Indo-Pacific Economy'. Three weeks later the US State Department issued its annual report on Hong Kong, whose substance was essentially the same as the speech.[3] Based on my understanding of how the State Department operates, I am confident that Mr. Tong received Washington's approval for his remarks in advance. Whether the speech reflects

the coordinated inter-agency view is a question I cannot answer, but it did convey the State Department's view as of late February 2019.

In his speech, Mr. Tong spelled out four principles that should guide the East Asia region when it came to economics—which was appropriate since Hong Kong is an economic entity. The principles were:

- Open (no exclusions when it came to participation);
- Free (reduced barriers to trade and investment);
- Transparent (rules are known to all); and
- Fair (a level playing field).

Mr. Tong was clearly trying to associate himself with the FOIP vision (the third and fourth principles, transparent and fair, are implied with the first two, open and free). But he was candid in telling his audience that the principles he stated were actually developed by the Obama administration in 2013 as it was preparing to host the annual APEC meeting.

To reiterate the point: most of this is not new but a re-articulation of long-standing objectives. What is different about the Trump administration's policy is its implementation: using selective tariffs to leverage results; invoking inappropriate legal authorities to justify economic sanctions; threatening to terminate economic agreements; displaying a preference for managed trade over free trade; attempting to ban Chinese companies from the US market; and so on.

Whether it is the Obama or the Trump administration, the important point regarding Hong Kong is the clear connection between the general US policy and the performance of the Hong Kong Special Administrative Region (HKSAR). Tong said, 'Hong Kong [is] closely in tune with America's international economic policy priorities' because its 'abiding strengths flow from its fierce embrace of free economy principles, including the rule of law'. Specifically, he mentioned the common-law basis of the Hong Kong legal system; protection of property rights, including intellectual property; maintenance of an open Internet; and relatively non-invasive and non-discretionary regulation of the economy by the government.

In short, Hong Kong is everything the United States would like China to become. It has, as Tong said, 'demonstration power'. Its 'operating philosophy' is what ensures its high degree of economic competitiveness.

In addition to this praise of Hong Kong's economic policies, Mr. Tong and the annual report gave high marks to the conduct of US relations with the HKSAR. American companies are present in large numbers in the territory. 'Americans account for more than 20% of all non-Hong Kong entrepreneurs in the city, contributing more than any other country including Mainland China.' Government-to-government cooperation occurs daily in a variety of fields like anti-money laundering and counter-narcotics.

Tong then turned to a sensitive issue: the degree of Hong Kong's autonomy under the one country, two systems formula, which had promised a 'high degree of autonomy'. This is relevant to US policy because, pursuant to the US Hong Kong Policy Act, the United States will give Hong Kong preferential treatment

relative to Mainland China in the conduct a number of areas of policy if and only if it is able to maintain the degree of autonomy that the United States government deems appropriate. These policy areas include: law enforcement, export controls, visa rules, and the treatment of cross-border investment. Tong reported, 'Hong Kong as a general matter has in fact maintained a high degree of autonomy…at least in most areas'.

Tong then told his audience that, honestly speaking, 'certain recent events in Hong Kong have raised cautionary flags for some US observers as they consider the sustainability of Hong Kong's high degree of autonomy going forward'. He ticked off a series of 'firsts' that occurred in 2018: banning of a political party; expulsion of a foreign journalist; and disqualification of political candidates for their political views. Tong was not ambiguous at all in pinpointing the source of these actions: 'the Mainland Central Government [i.e. Beijing] appears to have been *intimately involved* in the Hong Kong Government's decision-making.' He then said, 'I would not be doing my job as a diplomat if I were not honest enough to share a note of caution about the future.'

Tong was correct to highlight these political issues because as a practical matter they are the concerns of Members of Congress who pay any attention to Hong Kong. But Beijing-inspired restrictions on the civil and political rights of Hong Kong people have much deeper significance, because they are at the core of the UK-PRC Joint Declaration of 1984 and the Hong Kong Basic Law of 1990. That is, those documents pledged the protection of civil and political rights, along with the guarantee of the rule of law and an independent judiciary. Beijing had basically abided by those pledges up until the failure of the electoral reform exercise from 2014 to 2015. This is not the place to revisit the events of those years. My own view, with which some are sure to disagree, is that although Beijing was heavy-handed in its approach during most of the process, at the end the pan-democrats missed a significant opportunity to bring about meaningfully competitive elections for the chief executive.[4] What is not in doubt is that once electoral reform failed, some of Beijing's subsequent actions have called into question its commitment to protect the civil and political rights enshrined in the Basic Law, as Kurt Tong outlined in his speech.

One reason for Hong Kong's general stability since reversion has been the continuity of US policy, based on the assessment that the city's autonomy is consistent with US interests. If Washington were, with regret, to change that assessment and begin to treat the HKSAR like other cities in China, it would undermine Hong Kong's prosperity and confidence. There might be some in Hong Kong who might argue that the policy areas on which autonomy was evaluated were always non-political in nature, and that it would be improper to begin including political factors into the mix. But the American concern about Hong Kong's political progress or retrogression has been long-standing. The US-Hong Kong Policy Act was drafted in the shadow of Tiananmen. So it should be no surprise to people in Hong Kong that Washington would criticize these cases of Beijing's political interference—which arguably are contrary to the PRC's own Hong Kong Basic Law.

Beyond these specific matters, there looms a more ominous danger. That is, that Hong Kong will become an issue in the much larger, emerging US-China rivalry. The Trump administration has defined China as a revisionist power whose goal is to undermine the US position in East Asia. In its national security strategy, released in November 2017, the White House warns that, 'Although the United States seeks to continue to cooperate with China, China is using economic inducements and penalties, influence operations, and implied military threats to persuade other states to heed its political and security agenda.' That judgment (with which I disagree) puts countries and entities that have so far been able to simultaneously maintain good relations with Beijing and Washington in an awkward spot. For Washington to base its policy towards Hong Kong on the mere fact that it is a part of China, whose intentions the Trump administration has deemed an existential threat, cannot be in Hong Kong's interests.

In one specific way, how some in the Trump administration define competition with China has specific relevance for Hong Kong. That is, they believe that the US-China economic 'war' is not over tariffs but over technology for civilian or military purposes or both. When it comes to Hong Kong, the most significant element of the SAR's autonomy for Washington is the continuing capacity of its customs service to prevent advanced technology that is permitted for export to Hong Kong but denied to China from leaking the border. Since 1997, the Hong Kong customs authority has demonstrated that competence.

If the Trump administration were to alter its policy towards Hong Kong in a significantly negative way, either because it is 'too close' to China or because of the fear of technology leakage, it is not clear what Hong Kong might do to prevent such a shift. The SAR government would make the case that its autonomy was still real. The American business community might lobby Congress on Hong Kong's significance for their own interests. Perhaps local radicals in Hong Kong should be more restrained and strategic in the way they challenge the central government, in the hope that the latter would be more restrained in its handling of Hong Kong's political and civil liberties. The best hope for Hong Kong, however, may be to continue doing its outstanding job on customs enforcement and otherwise stay under the Trump administration's radar.

All of these trends were a mere prelude, however, to Hong Kong's instability in the second half of 2019. Pictures of daily rolling protests, marked by violence by police and activists alike and disseminated around the world, were in sharp and negative contrast to Hong Kong's past reputation for stability and civility. Worse was the trigger for the protest: an extradition bill that was the clearest and most egregious evidence that Beijing had reneged on its commitments in the Basic Law.

The US response was underwhelming: President Trump gave Xi Jinping the benefit of the doubt while the Hong Kong Democracy and Human Rights Act, which the Congress passed in November 2019 to the delight of many in Hong Kong, was long on rhetoric and very short on actions that might actually induce PRC restraint.

Taiwan

The Trump administration, more than its predecessors, has had a couple of Taiwan policies at a time.

On the one hand, national security officials, based on their judgment that China is a revisionist power that wishes to diminish the US influence in East Asia, seeks to broaden and deepen the security relationship with Taiwan. They do this at least to enhance Taiwan's deterrent against China, and possibly to make it a link in a chain of containment against the PRC. The latter objective would reflect a change in the policies of previous US administrations, which eschewed containment and whose primary interest was the preservation of peace and stability in the Taiwan area. But like in previous administrations, the Pentagon under Trump conducts security cooperation with Taiwan quietly. It assumes that Beijing knows these activities are happening, but avoids creating public, diplomatic disputes. Simultaneously, the State Department has gradually and stealthily been broadening the conduct of the US-Taiwan relations, primarily because both the Ma Ying-jeou and Tsai Ing-wen administrations have conducted external policy in ways that are consistent with broad American interests.

On the other hand, the Office of the US Trade Representative (USTR) and the Department of Commerce continue to hold to the view that Taiwan reneged on certain commitments regarding market access for American beef and pork and that those must be resolved before discussions will begin on topics of interest to Taiwan, such as a bilateral investment agreement or a bilateral free trade agreement. These forward-looking initiatives would strengthen Taiwan economically, which would fortify its overall position vis-à-vis China, but USTR and Commerce prefer to play hardball.

Taiwan's own interdependence with China's market creates another vulnerability Taiwan has sustained economic growth and prosperity by becoming a key link in supply and value chains that run from the United States, through Taiwan, and into China, where final production and assembly take place and from which many finished goods are exported to the United States. For purposes of the US customs, these products are treated as Chinese goods, even though most of the value-added procedures might have occurred in Taiwan and the United States. So a US government decision to increase tariffs on those goods would hurt the Taiwan companies and perhaps wipe out the narrow profit margins on which they operate. Given its dependence on the Chinese market, Taiwan might become a victim of 'friendly fire' in a US-China trade war.

The divergence between the US security and economic agencies creates a fundamental contradiction in the administration's Taiwan policy. If Taiwan is the strategic asset that the Pentagon appears to believe, then it makes no sense to hold it back economically. Even though Taiwan did renege on its commitments on beef and pork, those could be resolved in the course of negotiations on larger issues, in recognition of Taiwan's supposed strategic significance.

There is the perception in China that Congress is actively contributing to the pro-Taiwan side of the administration's policy. It is indeed true that Taiwan has

a lot of support in the Congress, which is mainly a function of the anti-China mood on Capitol Hill and the connections between Taiwanese-American communities in the United States and individual Members of Congress. What is worth noting, however, is that the pieces of legislation that Congress has passed so far to encourage enhanced diplomatic and military interaction with Taiwan have no *binding* effect. They express sentiments and make suggestions but do not require the president to do anything he may prefer not to. Congress could craft these pieces of legislation in the form of orders, but they would arguably encroach on the president's constitutional powers as commander in chief and head diplomat.

Then there is President Trump, who has affected the administration's Taiwan policy in a unique and vacillating way. As president-elect, he seemed to tilt in a favorable direction by taking a phone call from President Tsai Ing-wen on 2 December 2016. Nine days later, however, he talked as if he wanted to use Taiwan merely as leverage against China on trade and North Korea. Thereafter, it seems that Trump has been willing to defer to China's President Xi Jinping on matters concerning Taiwan. In a 6 September 2018 column in the *Washington Post*, Josh Rogin reported this statement from a 'senior administration official': 'This administration, from a personnel perspective, has the most hawkish Taiwan team ever…But if Xi calls [Donald Trump] and complains, the president's instinct is to defer to that because there is always some pending issue in which we want something from the Chinese.'[5]

Finally, there are some questions about President Trump's personal commitment to Taiwan's security. Since the termination of the US-ROC mutual defense treaty in 1980, Washington has no legal requirement to come to Taiwan's defense. But that commitment is certainly implicit in the US policy statements, as long as Taiwan itself does not provoke a conflict. Yet, in *Fear: Trump in the White House*, Bob Woodward's account of the first year of the administration, the author recounts a 19 January 2018 meeting at the White House where Trump and his national security team discussed—not for the first time—the rationale for the United States defending allies and partners. In this particular argument, Trump first asked, 'What do we get by maintaining a massive military presence in the Korean Peninsula?' He then asked, 'Even more than that, what do we get from protecting Taiwan, say?'[6] （Note Trump's transactional mentality when it comes to alliance and alliance-like commitments.）

As an aside, it must be stressed that the process for formulating and implementing policy in the Trump administration is highly dysfunctional compared to its predecessors. The inter-agency process, which previously was inclusive and relied on expertise, is broken. Trump himself is untethered from whatever process remains.

What is the bottom line here? First, the Trump administration has clearly decided in words and deeds to approach China in a more competitive manner, an approach that both the economic and security agencies favor. Second, it is too early to know the scope, duration, and implications of this competition. Third, even if the US-China relations became a zero-sum struggle, Taiwan won't necessarily and automatically be the beneficiary. Fourth, US-Taiwan relations are in

good shape because they have been addressed on its own merits. Fifth, Taiwan should focus not only on shifts in US policy but also on how changes in the process of policy formulation affect policy.

The bigger picture for Taiwan, of course, is that whereas China has achieved its principal goal for Hong Kong (reversion), it has not done so for Taiwan (unification). This was because Beijing's one country, two systems formula was never popular on the island and Taiwan's democratization occurred before any serious cross-strait negotiations began. The Taiwan public gained a seat at the negotiating table, and surveys consistently show that significant majorities favor some version of the status quo while only modest minorities favor either unification or independence.

It is interesting to contemplate how the Taiwan public might respond if Beijing offered a formula for unification that was more palatable than one country, two systems. That being unlikely, how might China seek to achieve its unification goal and what would Washington do in response, given its opposition to either side of the Strait unilaterally changing the status quo?

The Chinese option that gets most of the attention is using force to get Taiwan's leadership and the public to capitulate or, if necessary, to seize the island through an invasion. In my view, this option remains highly risky for Beijing and the chances of success are uncertain. Although it is impossible to predict the American response in such a scenario, particularly given Donald Trump's own views cited above, I suspect that China's leaders prudently believe that America would intervene.

But Beijing has another option and that is wearing down Taiwan's resilience through a combination of intimidation and incentives ('winning without fighting'). The risks are much less and the chances that Taiwan would ultimately throw in the towel are not bad. Indeed, the PRC's approach to the Tsai administration is a version of this strategy. This poses a serious challenge to US policy. Since the 1950s, successive administrations have said that Beijing and Taipei should resolve their differences peacefully. The Clinton, Bush, Obama and Trump administrations have added that any such resolution should be acceptable to the people of Taiwan. In short, the outcome should be non-violent and voluntary on the part of Taiwan. A Chinese victory through intimidation would still be non-violent but also involuntary. The United States has a lot of ideas about how to resist a PLA use of force. It is only beginning to consider how to help Taiwan respond to intimidation.

Taiwan's role in this triangle has taken different forms. In the years after democratization both Lee Teng-hui and Chen Shui-bian played on Taiwanese nationalism to win and hold power. Their policy approach to cross-Strait relations caused fear in both Beijing and Washington that they were going to change the status quo. Subsequently, Ma Ying-jeou and Tsai Ying-wen each in their own way have taken a more cautious and cooperative approach to Taiwan's China policy. Beijing concluded that Ma had not done enough on the political part of cross-Strait relations, but it spurned Tsai from the start.

Also significant is the political climate in Taiwan. Partisanship is toxic and power transfers have been regular. Ma Ying-jeou was able to undertake his

Mainland policies because voters were dissatisfied with the performance of the DPP. Ma's policies ran aground in his second term because of growing sentiment, particularly among young people, that economic interdependence had gone too far and that the DPP should return to power. As of the spring of 2019, it seemed that President Tsai Ing-wen would not win re-election and that the KMT would return to power. Remarkably, however, the KMT blew a golden opportunity and Tsai and her party maintained a firm hold on power. Ironically, the key reason for this victory was the prolonged protests in Hong Kong, which Tsai used to evoke voters' fears about China's intentions towards Taiwan and put the KMT on the defensive. As of the spring of 2019, who will become Taiwan's president in May 2020 is up for grabs.

Lost in this intense competition is any effort within Taiwan to forge a consensus on the nature of the challenge that China poses; the optimal whole-of-society strategy to cope with it; how to allocate resources and effort in support of that strategy; the role for the United States; and how to reform the domestic political system to sustain a continuity of policy. Ultimately, how Taiwan should fit within US policy depends on what Taiwan does for itself.

Conclusion

In short, when it comes to managing the Hong Kong and Taiwan parts of its periphery, China is worse off in the spring of 2020 than it was even a year before. It was quick to blame the United States for these setbacks, without much real justification. People in both places who feared Beijing's intentions gave the Trump administration good marks, even though that positive appraisal was not always deserved.

The true reason the PRC suffered these setbacks is its continuing failure to adapt its policies to the aspirations and anxieties of the Hong Kong and Taiwan publics. Beijing's obsession with control in Hong Kong and its penchant for intimidation towards Taiwan may prevent what it subjectively fears, but those heavy-handed policies have neither consolidated the 'patriotic' loyalty of Hong Kong people nor led Taiwan people to see the purported virtues of one country, two systems. Far from it.

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