

**TAIWAN BUSINESSMEN ACROSS THE STRAITS:  
SOCIO-CULTURAL DIMENSIONS OF THE  
CROSS-STRAITS RELATIONSHIP**

Joseph Bosco

Department of Anthropology  
The Chinese University of Hong Kong  
Shatin, New Territories  
Hong Kong

**About the author:**

Joseph Bosco has a Ph.D. in Anthropology from Columbia University and is Lecturer in the Department of Anthropology at The Chinese University of Hong Kong.

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### Abstract

Taiwanese are investing and managing factories in China because they are paradoxically both like and different from PRC Chinese. Cultural knowledge helps deal with bribery and other business problems, but being from Taiwan gives their enterprises many privileges. Businessmen also adapt culture to the new situation: *guanxi* ties are more flexible and shallow in Xiamen. The Taiwanese use their cultural knowledge and the identity of "Taiwan compatriot" for business, at the same time that they see themselves as not merely Chinese from another region (as the state and Xiamen residents see them) but as persons from abroad, with superior business knowledge, hard currency, and cosmopolitan understanding of the world. Though they cannot deny their Chinese-ness, they are forced to at the same time recognize their Taiwanese-ness, illustrating the conditional, negotiated, ambivalent, and fluid nature of ethnic and national identity.

# 在海峽兩岸經商的台灣商人： 兩岸關係的社會文化諸方面

林舟 著

## 摘要

許多台灣商人正在大陸投資和經營企業，因為他們與中國大陸有看起來自相矛盾的既相似又不同的淵源。他們的文化知識使他們諳熟于行賄和其他的商業問題，而且因為來自台灣，他們的企業得到了許多特權。台灣商人也在使他們的文化適應于新的形勢：在廈門，關係紐帶是較為靈活和淺薄的。台灣人使用他們的中國文化知識和“台胞”的身份經商；與此同時，當地政府和廈門人把他們當作來自中國某地的中國人，但是他們自己並不這樣認為，而是視自己來自海外，具有較優越的商業知識、硬貨幣和對整個世界的了解。雖然他們不能否認自己中國人的特質，但同時又要認同自己的台灣人特質。這一情形說明了族群和民族認同的條件性、可協商性、內在矛盾和流動性。

林舟是香港中文大學人類學系講師。

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To better understand the socio-cultural dimension of the recently resumed contacts across the Taiwan Straits, this paper focuses on the experiences and views of Taiwan's businessmen in the Xiamen Special Economic Zone (SEZ) in southern Fujian Province.<sup>1</sup> There are two major forms of cross-straits socio-cultural interaction, and both occur primarily in China. First is the flow of cultural products (such as pop music, karaoke television or KTV, clothing styles, etc.) from Taiwan to the mainland, and the second is social interaction in which tourists and businessmen come into contact with the Chinese. An estimated 3.5 million Taiwan travelers had been to China by mid-1992 (Goldstein 1992), while only a trickle of well publicized visitors<sup>2</sup> and a few thousand illegal workers have made the reverse trip from China to Taiwan.

Over 1400 foreign ventures are officially registered in Xiamen, of which 652 are Taiwan run with investments of almost US\$1.4 billion (*Xiamen ribao* 1992a:1). Over 400 Taiwan-owned or Taiwan-PRC joint ventures have actually begun operation (interview with Chen Tianyuan, 18 December 1992). The number of Taiwanese businessmen is actually much larger since many businesses are not registered. Taiwanese have been especially likely to do business without registering due to the cloudy status of cross-straits investments. The number of Hong Kong investors is still slightly greater than the number from Taiwan, but Taiwan investments, which began in large scale only in 1988, are growing much faster. In the 1980s, the Chinese government preferred foreign investors to enter into joint ventures (*hezi*) in which the Chinese

partner held a majority share. Since 1990, nearly all investment in Xiamen has been wholly foreign owned (*duzi*), in part because of lack of PRC capital, but primarily because the Taiwanese prefer to go it alone (*China Trade Report* 1991:1). The workers in Xiamen foreign venture factories are from outside Xiamen itself; like other SEZs, Xiamen attracts workers and peddlers from poor parts of Fujian as well as other provinces of China. In December 1992, 150,000 outsiders (*waidi ren*) were estimated to be living in the SEZ (interview with Li Jiaen of the Xiamen SEZ Labour Service Co., 18 December 1992).

The city, once a treaty port known in the West as Amoy, is now dusty with road and high rise construction. The Friendship Store is now stocked with Italian designer clothes, imported leather attache cases, Japanese stationary supplies, and even a time card machine. Across the street is a KTV parlor. Shops and restaurants are built in a style that give those familiar with Taiwan a sense of *deja vu*.

Xiamen offers a number of attractions for Taiwan businessmen. Most important is its low cost of labor; at an average wage of RMB300 per month (US\$53 at the 1993 official rate, \$43 at the black market rate), it is one twelfth or less of the cost of labor in Taiwan. Workers are more obedient (*dancun*) because they come from outlying districts and other provinces. Xiamen is an island 131 km<sup>2</sup> large, offering rural space for industrial expansion but a limited land area that is likely to increase in value. Xiamen is not well integrated with the rest of China by rail or river, so it is not a good base from which to manufacture or import for China, but it is developing as a center in which to manufac-

ture for export. Many Taiwan businessmen assume Xiamen will be the first or among the first ports open for direct trade with Taiwan. Xiamen is also a popular destination for Taiwanese businessmen because the language (Hokkien and Mandarin), food, weather, and customs are very much like Taiwan's.

There are three types of Taiwan businessmen in China. First are the small factory owners who have relocated their businesses in China because labor and land costs pushed them out of Taiwan. Their factories are in labor-intensive industries such as woodworking, toys, shoes, and garments.

Second are businessmen who have gone to China to see what opportunities they could find. They have often invested in projects different from what they do in Taiwan. For example, one Taiwanese businessman whose business in Taipei is in textiles and import-export opened a factory in Xiamen that makes floor tiles. He calculated that with China's building boom, there would be the need for higher quality building materials, and he was familiar with the technology because he helped a friend set up such a factory in Indonesia in the early 1970s. Another businessman is building a luxury apartment tower, but had no experience in construction, having been chairman of an animal feed company. He met several high-ranking Xiamen city officials on his trip into Xiamen and decided, with their encouragement, to bid on an empty lot. To supplement his capital and to obtain advice, he brought in two partners from Taiwan; one is in construction, the other in construction supplies. Indeed, in conversations in Taiwan, many persons with rela-

tives in China were considering some sort of construction-related investment, from brick factories to aluminum window frames.

The third type of businessman is the manager. He works as an employee for the company that sent him. For example, I met a representative of a Taiwan tile company, an import-export agency representative, and a luxury car dealer. As employees, their work is more bureaucratized and their freedom to bribe and find shortcuts is to some extent restricted. Some, like the car dealer, have themselves invested in their venture; though like the second type of businessman they are in China seeking their fortune, they are not pushed out of Taiwan.

First to go to China were the small factory owners who could no longer compete in Taiwan. The pressure of higher wages in the mid-1980s encouraged them to take the risk of investing in China even before it was legal in Taiwan. Businessmen looking for investment opportunities went slightly later; the luxury building developer mentioned above went in 1986, before it was legal for him to do so, and because the Xiamen newspaper published an article on his successful bid, he was arrested upon his return to Taiwan and not allowed to leave the island for one year. Managers of large Taiwan firms have been last to go to China; their companies are too big to operate in secret, so have waited until it was legal.

The three types of businessmen also represent three types of investment. The factory owners make products for export; they are moving production from Taiwan to China but generally still getting orders from their office or from import-export houses in Taipei. The investors seek-



ing new opportunities generally provide capital and technology to make products scarce in the domestic market. . Most typical are construction materials. The large firms often begin with the idea of moving some production to China, but they are also very much interested in selling to the domestic market. Taiwan food companies especially are thought to have a bright future in both manufacturing and marketing within China.

Most investors, by all appearances and by their own accounts, are making substantial profits. Factories, like in Taiwan, expect to recoup their investment within two years. The Xiamen land market is becoming heated by speculation so that investors make a profit simply by buying an entire building and retailing the individual units or by buying and then reselling property after a few months. To prevent speculation in building contracts, regulations now stipulate that owners of long-term leases (e.g. 40 years) must pay a penalty of 10 percent of the lease if construction has not begun after one year, 40 percent after two years, and after the third year the lease is void and the government takes the land back. This is viewed by Taiwanese businessmen as unfair, as an infringement of their purchase rights over the land, but it addresses a problem the Vietnamese government is also having with Taiwan investors, the problem of many contracts signed but few actually implemented.

### **Image of Taiwanese**

In interviews with both Taiwanese and mainland Chinese, it was often pointed out that Taiwanese are not well liked in Xiamen. Several persons<sup>3</sup> offered a hierarchy of desirable *waishang* or foreign businessmen: Westerners were best, then Japanese, then Hong Kong and overseas Chinese, and last Taiwanese.

There are three interrelated explanations for the poor image of the Taiwanese. First, many take an air of superiority over the local Chinese and engage in conspicuous womanizing. Several businessmen flirted with waitresses in restaurants as we ate, behavior the Xiamen locals consider to be sleazy (*hen hua*). The criticism is not directed at their capitalist management style or their violation of "traditional" forms of work because they are made by Xiamen natives who do not work for Taiwanese. Complaints are directed at the businessmen's personal behavior and personality, though they may be related to the new economic structure of the SEZ.<sup>4</sup> One businessman who worked for a large firm suggested the bad image is because the earliest arrivals were unsophisticated small factory owners. Away from home and making lots of money, they hired prostitutes or took second wives. Being the first to arrive, these crude individuals, he said, established this bad image for the Taiwanese. He said many people tell him he is not like the other Taiwanese they have met, and he expects this negative stereotype of Taiwanese to disappear as more educated and principled Taiwanese businessmen arrive.

A second reason for the low image of Taiwanese as employers is their sophistication in doing business. For example, it seems the Taiwanese have the ability to keep piece-rates down. The Taiwanese owner-managers have usually been making the same products in Taiwan and are clear about how long a process takes and what the piece-rates should be. Some US joint ventures elsewhere in China have brought in Taiwanese as plant managers and supervisors. Taiwanese can be found

who have experience in the production process and their language and cultural skills are believed to help in operating factories in China. Taiwanese owner-managers and factory managers may be able to gain worker compliance with lower wages, while other foreign investors have to pay workers more.<sup>5</sup>

In addition, Taiwanese operate from a position of strength. Scholars have noted that competition between local governments for foreign investment gives foreign ventures strong leverage to demand good terms (Kuo 1992; Whiting, ms.). The power of foreign investors extends then to the flouting of laws and regulations, since local officials benefit either directly through graft or indirectly through economic development from investments in the local area.

Often the Taiwan businessmen are accused of selling China poor products and machinery. Some of these complaints are exactly the same complaints that the Taiwanese have leveled at the Japanese; due to an incomplete understanding of the world market, they take as a purposeful insult the operation of the market. In other cases, Taiwan businessmen are said to have delivered machinery that was unusable. Most cases are between these extremes of undue sensitivity and outright fraud. For example, a Taiwanese had imported six Polish-made trucks (cabs for towing freight) into Taiwan but was unable to sell them for use in Taiwan because of their poor performance. They cost NT\$2 million (US\$80,000) each new, but he could not even sell them at the "used" price of NT\$500,000 (US\$20,000). The problem was first that spare parts would be difficult to find, and second that in Taiwan pulling over-

weight loads is the rule. Drivers therefore only want powerful cabs, with turbo, power steering, anti-jackknife balancing features, etc., to which they normally also add special brakes and other equipment to allow them to carry beyond the legal limit. Taiwanese often brag about how sophisticated they are in improving the trucks they import. Stuck with these six trucks, the businessman formed a joint venture with a Chinese unit in Qingdao and opened a shipping company. The Chinese side provided the labor plus land, and the Taiwanese side provided US\$500,000 in capital plus training for drivers. The US\$500,000 required is only US\$20,000 short of the original value of the Polish trucks. Though the trucks were new, it is also true that they were not worth what they cost, since they could not be sold. What the correct values should be for machines is often the source of dispute between Taiwan and mainland sides. Given the low cost of labor and the high risk involved in investing in China, most Taiwan investors use old machinery to limit their potential loss and to avoid becoming immediately superfluous, fearing that PRC officials might even confiscate their machinery and run the factory themselves.

The third reason for the low image of the Taiwanese is the adulation of the foreign. The popularity of foreign goods as status symbols, from Japanese appliances to designer clothes, is an example of this adulation. Taiwan businessmen are "foreign businessmen" (*waishang*) but the least foreign of this class. Furthermore, Taiwanese are often viewed as unjustly rich cousins, rich because of an accident of history or because of their calculating and materialistic (*xianshi*) morality. After

decades of rhetoric about the bandit regime, a complex mixture of awe, respect, envy, and resentment colors any discussion of Taiwan with mainland Chinese. The frequent mention of Taiwanese womanizing is a clear sign of sensitivity, with women symbolizing frail national virtue. It would be difficult to measure how the frequency of Taiwanese womanizing compares with that of Western and Japanese businessmen (or indeed with mainland businessmen), but the raising of the issue suggests a sensitivity much like the sensitivity of U.S. whites and blacks to relations with "their women."

#### **Differences and Similarities**

The Taiwanese are investing in China and managing factories there because they are both like and different from mainland Chinese. They possess skills that allow them to work among the Chinese with ease, and yet have additional skills and different orientations that are desirable for investors. Curiously, about half of Taiwanese businessmen downplayed the cultural advantages they have in Xiamen. They said that the language, weather, and food being the same made it nice, but that it was still very difficult to do business there. Others claimed the cultural advantages were obvious. It seems that the invisibility of culture, the fact that one's own culture seems natural, makes some of the Taiwanese businessmen unaware of the skills they have that an American manager would lack. Yet it is precisely the obviousness which makes these cultural tools useful.

The obvious but invisible advantages of Taiwanese cultural knowledge can be illustrated in the Taiwanese knowledge of who, how, and

when to bribe. Several informants agreed that one knows a bribe is necessary when, with no obvious obstacle in the way, a certain permit or service fails to be rendered after two or three requests. In conversations with office clerks, the Taiwanese can find out who is blocking the request. Often an intermediary for the decision-maker will step forward; it is up to the businessman to identify who may be the intermediary and to get the necessary information from him or her. The question is then "how much?" There are two ways to find out. First, one can ask around to see what others have had to give. Otherwise, one can try, and if the request is still not fulfilled, it was not enough. Money bribes are dangerous as it is difficult to claim cash is merely a gift, two informants noted. Popular bribes are Japanese appliances that the Taiwanese businessmen can buy or bring in from Hong Kong. The key is to find out what the target official needs, and for this the best source of information is the official's chauffeur. As one businessman put it, if you buy an official a washing machine and he already has three, he will not be impressed. But if you buy him a television set and his old one was dying, then he will be very happy. One firm's representative claims his company has a policy against using money bribes; he gives samples of company products and company gifts like ashtrays. Whatever the bribe, it is delivered not at the office but at his home, often under the guise of a social visit.

Other aspects of bribery are variations on Taiwan patterns that Taiwanese can easily learn. A company can give a large donation to a government unit, but only for on a special occasion such as a ribbon-

cutting ceremony. It is common also to give money gifts to officials who participate at such ceremonies; in December 1992, about RMB 200 (US\$35 at the official rate) was expected.

But Taiwanese businessmen also face many obstacles and risks. Many complained of the number of bribes and extra expenses they must pay to receive basic services. One complained that he had to give his mailman a "tip" to get the mail. Another complained that local workers want a bonus just for doing their work. He said "If there is no work, fine, you can rest. But when there is work you should work hard (*pinming zuo*), not ask for a bonus for doing what you are supposed to do."

Taiwanese are also frequent victims of local swindlers. An official in the Xiamen City Taiwan Affairs Office (interview with Chen Tianyun, 18 December 1992) described one case in which a trusted assistant gradually transferred title to car, house, and factory into his own name. Because of the primitive state of commercial law in China, it is often impossible to gain redress. Despite the complaints about KMT interference in Taiwan's justice system, Taiwan businessmen still perceive it as less arbitrary than the PRC's. One businessman in Taiwan who refuses to even go to China to visit for fear of something happening argued Taiwan investors are afraid because they have no protection and are always open to the charge of 'spying.' Two famous cases are on the minds of many Taiwanese: the case of Li Xianbing, the pilot who defected to Taiwan in the 1960s and was arrested in China when he went to visit his mother, and the case of a businessman in Hainan whose death

was ruled a suicide despite the fact that his friends and relatives said he never showed any suicidal tendencies and had no reason to commit suicide.

In Xiamen, the production processes and machines are the same, but managing a factory is quite different. One harried owner-manager of a garment factory complained that after three months his factory still had many problems. He found mainland workers difficult to train; whereas Taiwan workers could do perhaps 10 steps, he said, mainland workers have to do only one step. Quality control is a constant problem, not only because of the technical skills that mainland workers must learn but because they have not learned to distinguish between high and poor quality. These kinds of complaints are very common, though far from universal.

It is curious that Taiwan authorities are bemoaning the poor management and small, uncompetitive scale of family factories in Taiwan, and that Chinese authorities are at the same time inviting these same businesses into China to upgrade China's management and industrial skills. An American businessman based in Hong Kong pointed out that complaints of the Taiwanese are the product of their poor management. Most Taiwan small factory manager-owners in Xiamen have never had to establish a completely new factory. They have often risen through the ranks from laborer to foreman to manager-owner of a satellite factory, working within one region of Taiwan where workers and contractors are concentrated. Experienced workers could be hired, and the minority of young inexperienced workers had senior workers to learn



from. In Xiamen, the labor force is completely new not only to the particular manufacturing process involved but to factory work itself. In Taiwan, suppliers and machine repairmen are just a phone call and a motorcycle ride away, but in Xiamen running out of a particular part or the **breakdown of a machine** can mean a two week delay. **Taiwanese factory owner-managers are unprepared for the degree of planning necessary to manage a factory in Xiamen.**

Nevertheless, Taiwan factory owners and other investors are not bumpkins. Taiwan is small but it is tied into a world-wide cosmopolitan culture. Taiwanese are emerging as major investors not only in China but throughout Southeast Asia, and small but significant numbers are investing in Mexico and Central America, South Africa, and North America. In interviews in Taiwan in December 1992, my questions about investing in China would inevitably quickly be redirected to the topic of foreign investment generally, with Vietnam a prominent focus of interest. Taiwanese weigh the relative merits of various sites, with China's cheap labor and common language and food offset by its authoritarian government and difficult conditions, compared to Vietnam's even more difficult conditions partially offset by even cheaper labor.

Many Taiwanese businessmen depend on local employees to do business, whether it be to find clients or to solve bureaucratic problems. This, however, is not very different from the situation the businessmen face when they invest in Southeast Asia, where Taiwanese depend on local Chinese. In fact, in Southeast Asia, Taiwanese are often more dependent on locals because they cannot speak to the Malay, Indonesian, or Philippino employees.

Though both sides of the straits speak the same language, they can still misunderstand each other. I found, for example, that both Taiwanese and mainland informants would describe each other as *xianshi*, which usually means "practical, pragmatic" but in this context for both sides meant "calculating, cunning." Mainland informants point to Taiwan investors' materialism and constant discussion of business and money. Informants from Taiwan use it to describe the corruption and lack of business and work ethics in the mainland. When it was pointed out to several informants that their opposite also called them *xianshi*, the notion was dismissed out of hand.

### **Guanxi**

*Guanxi* ties (relationships) help structure investment by directing it to areas where investors have connections but most businessmen in Xiamen denied it was a major factor. When I suggested to a plastics factory chairman that his friend may have chosen Xiamen for his garment factory because he already had a business friend there, the chairman responded that he was able to speed up his friend's work a bit, but that his presence was only one percent of the reason. Taiwan's mainlanders tend to invest in their home province, in large part because they have relatives who would like them to invest. These relatives get some benefits, including a sinecure job in the new venture. They can help overcome bureaucratic hurdles, but perhaps most important is the information these relatives can provide on business opportunities.

*Guanxi* ties become more flexible and shallow among Taiwan businessmen in China. In interviews in Xiamen it became clear that a

network of Taiwanese has developed; the only common point among these persons is sojourning in China. They meet on airplanes from Hong Kong and become friendly very quickly, in a way that they themselves note would never be possible within Taiwan on a flight between Gaoxiong and Taipei. The tile company representative flies to other cities where Taiwanese are investing, especially Wuhan, Tianjin, Shanghai, and Beijing, because businessmen he met in Xiamen he have recommended him to others they have met later; a friend of a friend needs products, and they are introduced, and easily become friends and do business. This kind of networking, he said, is unusual in Taiwan, even for him who has moved for his company six times in ten years and has had to make new friends at each site. As he put it, "*wo zai Taiwan buhui luan jiao pengyou*" ("In Taiwan, I would never make friends 'chaotically'"). Being outside Taiwan leads to a more flexible and creative *guanxi*, in contrast to the *guanxi* based on school, kinship, local, and other more conservative ties that is more common in Taiwan.

The shallowness of new *guanxi* and the dependence of the Taiwanese businessmen on locals leads to the swindles mentioned above. Several mainland officials suggested Taiwanese were too trusting and gullible, while Taiwanese businessmen say the mainland has many evil cheats. In fact, however, the situation reflects the vulnerability of sojourners who need to create new relationships with people they do not know very well.

A result of this is that though *guanxi* relations with other Taiwanese are new and have little historical depth, they become very

important as a defense against what are viewed as unpredictable mainland Chinese. Taiwanese in China depend a great deal on fellow Taiwanese for business. They buy from each other, and prefer to buy parts from Taiwan rather than deal with non-Taiwanese firms in China. One economist says 75 percent of machinery required by Taiwan firms comes from Taiwan (Y. Y. Kueh, "Greater China: Economic Integration Without Political Reunification?", talk on March 3, 1993, Universities Service Centre, Chinese University of Hong Kong). The Xiamen McDonald's was built completely from parts shipped in containers from Taiwan. Stories of disasters following reliance on Chinese are very common. In particular, Taiwanese are vulnerable to buyers who collect the goods but do not pay. A mascara manufacturer based in Fuzhou reportedly lost a great deal of money in his first year (1992) when buyers who took his product for sale simply did not pay. The floor tile manufacturer will not sell tiles unless the owner of the building being constructed countersigns for the contractor. He said in several cases contracts turned out to be unenforceable because the signer was not legally registered or did not have proper authority. How much of the Taiwanese businessmen's reliance on fellow Taiwanese is cautious economic behavior and how much is due to an exaggerated estimate of the threat is difficult to say. An American businessman in Hong Kong notes that in Shenzhen, where Hong Kong-owned printing firms are available, Taiwanese prefer to import their labels and packaging materials from Taiwan. Taiwanese argue however that caution is necessary, so that buying from Taiwanese suppliers is eminently sensible. They note that

in Taiwan, factory owners will buy from the cheapest supplier--assuming the same quality--even if it means no longer buying from a friend.

This more flexible *guanxi*--or the widespread creation of *guanxi*--is not only characteristic of relations among Taiwanese businessmen themselves but also between them and locals, and even among the local Xiamen persons and *waidiren* outsiders. For example, one particularly enterprising and effective cadre is from Sichuan, working in a city government job and part-time for a joint venture with a multinational petroleum company seeking to gain permission to sell its products in Xiamen. When asked how he, as an outsider with only three years experience in Xiamen, could be effective when *guanxi* is so important, he responded that he has good *guanxi* because he makes his, but that some locals do not know how to build or use *guanxi* even though they live in Xiamen and have it available.

### **Nationalism and Identity**

The widespread travel to the mainland and the democratization of politics within Taiwan have eliminated the extreme forms of Chinese and Taiwanese nationalisms that have been found on Taiwan (Bosco 1992).<sup>999</sup> Mainlanders have come to see Taiwan as home and Taiwanese have had to deal with the commonality of culture and language between Taiwan and southern Fujian. Many younger mainlanders born on Taiwan now refer to themselves as Taiwanese, and bilingualism (Hokkien and Mandarin) is in vogue in Taiwan.

Before 1986, government propaganda in Taiwan painted Taiwan independence activists as working on behalf of the communists. Since

then, though a general consensus has emerged between the KMT and DPP on a policy of cautious business interaction with the PRC, the DPP and Taiwan independence activists are perhaps more suspicious of China than others on Taiwan.<sup>6</sup>

None of the businessmen I interviewed was strongly nationalistic; the most firmly pro-Taiwan independence and pro-ROC are least likely to do business in China. The most nationalistic statements came from a businessman who said he had come as early as 1984 to see about investment opportunities because he wanted to help China develop, arguing that the 21st century will be the Chinese century. Yet, over the course of a three hour interview, he showed himself to be very pragmatic and realistic in dealing both with the ROC and PRC governments. Another businessman who was concerned about nationalism was a young mainland who, because he grew up in a military village, did not know Hokkien and was somewhat alienated by recent changes in Taiwan. Yet he said he purposely had not gone to his father's village in Liaoning because his relatives were all poor and were constantly asking for money. He viewed himself as somewhat rootless, and saw his future as continuing to work in various parts of China. All the others saw themselves as Chinese in some ways and Taiwanese in others. One, for example, said in commenting on the differences between mainland Chinese and Taiwanese, "*wo buzancheng taidu, danshi wo bushi zhongguoren*" ("I don't approve of Taiwan independence, but I am not Chinese"). He had earlier noted that his parents and siblings could not come to visit him because they were all officials in the police or

government. He was against direct flights from China to Taiwan because, he said, that will mean the flag of the ROC will not be allowed on airplanes flying to China. He protested that was an insult to his country, and he would rather have the inconvenience of flying through Hong Kong than this insult. This businessman illustrates the ambivalence of many Taiwanese in China.

Yet, the situation seems very clear to the mainland Chinese. Xiamen has 150,000 outsiders, called *waidiren*. Prostitutes and carpenters tend to come from Sichuan. Peddlers tend to come from Jianxi. Similarly, investors come from Hong Kong or Taiwan and are just another kind of *waidiren*. As Honig (1989) has shown for Shanghai's Subei people, local origins rather than race, religion, or nationality have come to define ethnic identity in China.

This is not at all the way the Taiwanese see it. From their point of view they are arriving from abroad and they have to deal with mainland Chinese whose regional differences are minor compared to their commonality. They as Taiwanese have real money (hard currencies like the NT dollar and the Hong Kong dollar) while Chinese use the non-convertible *renminbi*. Taiwanese miss the news they can get in Taiwan, where newspapers are free and cable television showing NHK, Star TV and movies are common now even in rural areas. Some get a satellite dish to watch Star TV from Hong Kong, others get a multi-system television set to watch Taiwan television if they live in an area where this is possible. Several Taiwanese businessmen in Xiamen mentioned their sense of isolation from the outside world, and asked me in mid-

December to explain what was happening with the governor of Hong Kong because they could tell from the Chinese coverage that something important had happened. They are very much aware of the differences in Taiwan's and China's legal, political, economic, and cultural systems, even though the Chinese try to interpret these as merely regional differences.

China has used a policy of attracting ethnic Chinese capitalists to invest in China. This "politics of native roots" in which "the regime plays up the assumed connection between cultural identity and political commitment" (Siu 1993:32). has been quite successful in attracting Hong Kong and overseas Chinese investment to Shenzhen and other parts of Guangdong. But it does not work with Taiwan investors because their anti-communism chokes off the patriotic call of the PRC. Hong Kong and other overseas investors can continue to have business relations with both China and Taiwan and say they are helping "the Chinese people" to develop. For them, PRC nationalism and Chinese patriotism largely overlap and can be expressed in a search for mainland roots and in investment near those roots. For a Taiwan businessman, however, Chinese patriotism is a love of the "ROC," the Republic of China on Taiwan. Returning to China has always been thought of in the context of *fangong dalu* ("recover the mainland"), the KMT Nationalist battle cry. For Taiwan residents, patriotism is in opposition to PRC nationalism, and this is true both for advocates of Taiwan independence and for advocates of reunification. My impression is that very few Taiwan businessmen go to China out of any sense of loyalty or



patriotism. When Gao Qingyuan, vice-chairman of President Foods--which in Chinese is *tongyi*, "unification" or "unified" foods--was interviewed by the Xiamen Daily and was asked if the name *tongyi* was really only chosen because it was easy to write, sounded good, and was easy to remember, or if it implied that the motherland was bound to re-unite (*zuguo shibi tongyi*), the reporter noted that Gao only wittily said the commercial-like slogan "The motherland will definitely be unified, please eat unified foods" ("*zuguo yiding hui tongyi, qing chi tongyi shipin*")(*Xiamen ribao* 1992b:1). Gao used humor to divert the question of patriotism and to keep the focus on doing business. It is those hard-nosed businessmen who have no patriotic baggage, be it pro-Taiwan (which therefore distrusts the PRC for threatening to invade Taiwan if it declares independence) or pro-China (which therefore in Taiwan makes them anti-communist and anti-PRC), who are free to move their money to China. Of the three types of businessmen, the small businessmen and the businessmen seeking opportunities are the most pragmatic and least nationalist; the third group, firm employees, have more diverse motives for working in China.

Mainland government policies towards the Taiwanese only accept them as a regional group. The Chinese authorities will not allow the Taiwanese to set up a private school for their children, insisting they attend the Chinese public schools. The Chinese will not allow Taiwanese to have a privilege like foreigners. One couple who had their six-year old son with them refused to allow him to go to the Chinese school for fear, the wife said only half in jest, that the communists

would brain-wash him. In other words, they would not let him become mainland Chinese. Yet, the city government allowed the establishment of a Taiwan Businessmen's Association in December 1992, but many Taiwanese saw this as a government dominated organization designed to control them, much like the KMT had done with its numerous corporatist associations for four decades on Taiwan.

Thus, while the mainland Chinese emphasize the "Chinese-ness" of the Taiwanese, and the advantages that gives them doing business in China, the Taiwanese come to see themselves as different. The obstacles they face in China--corruption, unpredictable state interference, inefficiency, lack of laws and legal enforcement, economic backwardness--creates in them a sense of difference, even as their Chinese-ness helps them resolve many of these obstacles. As mentioned above, this brings the Taiwanese businessmen together, but in addition, it also allowed me, a bearded foreigner, to be considered virtually Taiwanese in a way that is not possible in Taiwan itself. Businessmen were astonishingly willing to chat and discuss the Chinese 'other,' both because they have time on their hands and are bored, and because as someone from the outside who knows Taiwan, I was more like them there--where we were all outsiders--than would be the case in Taipei.

As one businessman put it, Xiamen is a good place to live, for China. Wages are higher because it is an SEZ, so the general standard of living is higher, and costs are lower than Beijing and Shanghai. Yet, he said it was still difficult to live there: "*wo buxiguan danshi wo shi-ying*" ("I have not gotten accustomed to it but I have adapted").

Taiwanese are often cheated, are normally charged higher prices than locals, and cannot have their driver's license recognized to allow them to drive in China. The official corruption, disrespect for contracts, dirty toilets, rude behavior, and general inefficiency all add up to irritants that make it difficult to live in Xiamen. Employees who are sent to Xiamen are paid double salary, and if they are in Xiamen short term (e.g. to help set up a factory), they have their living expenses paid as well.

But there are advantages to being "Taiwanese" in China. The PRC treats all Taiwan residents as "Taiwan compatriots" (*Taiwan tongbao*): it does not accept their ROC passport but gives them special travel documents for entry into China. Tourists can stay up to three months, businessmen five years. But more important is the freedom to leave; while mainland Chinese often have difficulty in obtaining passports and exit permits, the Taiwan businessmen are more mobile, free to fly to Hong Kong or the US for a meeting on short notice.

### Conclusions

The Taiwan businessmen in Xiamen are on the one hand attracted by a common language and culture but on the other hand are forced to confront the differences in legal, political, economic, and cultural systems. Though they cannot deny their Chinese-ness, they are forced to at the same time recognize their Taiwanese-ness. Taiwan businessmen well illustrate the conditional, negotiated, ambivalent, and fluid nature of ethnic and national identity, something that is easily forgotten when rising ethnic sentiment is often described as a re-emergence of primordial, natural feelings and loyalties. Identity depends on the perceptions

of those asserting the identity; what the future will bring is impossible to say, but pro-unification interests on both sides of the straits hope that expanded contacts and a reduction of economic differences will lead to reduced tension and unification in the long run.

Taiwan businessmen have been leading policy on China, with the government later passing regulations that legalize what businessmen are already doing.<sup>7</sup> In December 1992 the Taiwan authorities decided investments of under US\$1 million could be made by Taiwan companies directly rather than requiring them to set up subsidiaries in third areas such as Hong Kong. This accepted what Taiwan's Ministry of Economic Affairs (MOEA) estimated 80 percent of firms were already doing (Goldstein 1992). Taiwan businessmen are also playing an important part in molding a Taiwanese identity. Like the bourgeoisies of Europe, the Taiwan businessmen have an interest in creating an identity and state that can support their business activities. The efforts to enter the General Agreement on Tariffs and Trade (GATT) and the United Nations are linked both to business interests as well as to national identity. And business metaphors for Taiwan's dilemma are also common: one informant made the crack that Taiwan is not registered, just like most businesses on the island are not registered. With the increasing importance of China business for Taiwan and with the decreasing power of the mainlander dominated KMT-center as a result of democratization, business interests are likely to exert increasing influence in the struggle over Taiwan's changing identity.

### Notes

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1. Taiwan businessmen are now going in large numbers to Shanghai because of its more nodal location, and to inland provinces because of their cheaper labor and greater natural resources. The higher concentration of Taiwan investors in Xiamen made it a useful site for the research for this paper.

2. This includes most notably the four mainland officials who represented the PRC at the four-day Asian Pacific Economic Cooperation meeting in Taipei in early March 1993.

3. Including Chen Zhiping of the Xiamen University Department of History (19 December 1992 interview).

4. The frequent mention of Taiwan economic criminals investing in China is reminiscent of the criticism directed at early capitalists. Max Weber (1958:69) notes "A flood of mistrust, sometimes of hatred, above all of moral indignation, regularly opposed itself to the first innovator. Often--I know of several cases of the sort--regular legends of mysterious shady spots in his previous life have been produced."

5. For a similar example of Hong Kong factory managers using

common culture to gain worker consent in Guangdong, see Josephine Smart (1993).

6. See for example Baum (1992).
7. See for example Baum (1992).

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*Xiamen ribao (Xiamen Daily) (continued)*

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