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Biography  
Jasper Green is a PhD researcher in International Relations at the University of Sussex where he also received his MA degree in Global Political Economy. Jasper’s main area of research is on the Political economy of Cross-strait economic integration and the development of a neo-Gramscian framework which can theorize this process through the concept of a regionally operating Cross-Strait historical bloc. To do so, he focuses especially on the contemporary development trajectories of both Taiwan and China and how this has affected their social order transformation processes to date. By applying a Gramscian framework to theorize Cross-Strait relations, Jasper’s theoretical aim is to develop a more explicitly regional neo-Gramscian analysis which can account for the more pronounced regional features of the current multi-polar global order. By doing so, he aims to advance beyond prevalent conceptions within the critical literature which continue to theorize global order in terms of a singular neo-liberal convergence and resistance binary.
Rising Powers and Regional Orders: China’s Strategy and Cross-Strait Relations

Abstract
The neo-Gramscian approach has become popular within academic debates to theorize processes of global neoliberal convergence. But, it has also been challenged in the context of the ever more pronounced regionalizing tendencies of the current multi-polar global order. This is especially so with the rise of China which introduces an alternative logic to regional social order formation processes from a typical neoliberal capitalist social order convergence. This paper argues, however, that a Gramscian approach can precisely account for such regional social order formation processes through the concept of regional historical blocs. This is demonstrated through a case study of the social order shaping effects that a Cross-Strait historical bloc forged between China’s ‘contender state’-wielding elite bureaucracy and Taiwan’s ascendant social forces has had on fostering Taiwan’s internationalization toward China. This illustrates that, in addition to a broader global social order convergence process, a neo-Gramscian approach is equally useful to explain similarly defined regional social order convergence.

Keywords: Multipolar order; Rising powers; regional social orders; historical blocs; East Asia; Taiwan and China

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Introduction
A multi-polar conception of global order has become prevalent in academic and popular discourse of late. This is, in part, due to the pronounced effect that rising power states have on regional social orders. But, for more scholars, the question of multi-polarism poses serious conceptual challenges, particularly toward still influential understandings of global capitalist convergence. This is especially the case for the neo-Gramscian approach which is commonly associated with the conception of a transnational capital-led convergence process toward a monolithic neoliberal order. Such an association is unfortunate as it is not implicit to the framework which also has great analytical value to account for regionalizing tendencies and social order formation processes.

On a theoretical level, regional social order divergence is acknowledged as a continued possibility by Gramscians. This is both the case with global capitalist Gramscians who acknowledge it in passing and Gramscians such as Robert Cox who has focused on this possibility at a broader theoretical level (Cox & Schechter, 2003). One particular example that has captured significant attention of late is the development of a China-centered regional order in Asia. In terms of this specific case, however, it is necessary to also account for the political autonomy enjoyed by the Chinese Communist Party (CCP) before it can be theorized on Gramscian terms. For this, Kees van der Pijl offers a convincing account of China as a contender state which, mirroring Kevin Gray’s theorization of the CCP’s passive revolution enabled autonomy, has secured a distinct autonomy on which it operates against global neoliberal convergence norms. On this basis, I theorize the outward effects of China’s contender state toward regional social order formation processes through the concept of regionally operating historical blocs.

I demonstrate first that states can either be captured by a transnational historical bloc or regionally operating historical blocs which depends on what fractions of capital become dominant nationally. I then demonstrate that China’s contender state-managing CCP can also be theorized as a class actor which similarly shapes surrounding social orders through regional historical blocs. I do so by examining the prolonged CCP strategy of shaping Taiwan’s social order through its Cross-Strait historical bloc with Taiwan’s hegemonic Large Enterprise owning (LE) capitalist class. By doing so, I demonstrate not only that economic integration can lead to convergence toward a regional direction, but also as I will show in my analysis, that class contradictions similarly manifest in a regional fashion which challenges regional convergence processes. This illustrates that regional logics continue to be a core feature within global capitalism which are crucial toward contextualizing the vicissitudes of a more pronounced multipolar order.

Global and Regional Orders
The Neo-Gramscian approach, due to its understanding of global order as simultaneously defined by transnational historical blocs and as being secured on individual states, is well suited to account for both a convergence process toward global capitalist economic organization and a continued regional variation within this. But, many Gramscians have instead adopted a global capitalism perspective which is framed in dichotomous terms around the binary of transnational capitalist encroachment and anti-capitalist resistance against this. William Robinson (2005) takes this logic furthest by arguing that due to increasingly global circuits of accumulation, states are being superseded and incorporated into a global capitalist class-managed transnational state (TNS). The TNS, Robinson argues, is composed of states, but also transnational institutions and private bodies and he thus proposes that Gramscians should part paths with a continually state-centred analysis (Robinson, 2005, pp. 6–7). Robinson’s claims are, however, problematic as the state remains central to Gramscian analysis because transnational orders have to be legitimated and secured first within national social orders.

Taking a more measured perspective, Stephen Gill and Mark Rupert propose a similar global capitalist convergence process on the basis of a state-defined global order (Gill, 2000, 2002; Rupert, 1998, 2003). Regardless, Gill and Rupert argue similarly that a transnational capitalist class forged historical bloc is securing the progressive convergence toward a global capitalist social order. They argue that this process started from the 1970s onward due to transnational capitalist coordination and more structural processes such as an increased internationalization of production and financial integration (Gill, 1995a, pp. 400–402; Rupert, 2003, p. 190). Gill and Rupert therefore argue that the cleavage between capitalist and
non-capitalist social organization has been internationalized while opposition is considered as a global process which challenges the discipline of capital (Gill, 2000; Rupert, 1998, pp. 431–432).

Once it is acknowledged that hegemony must first be secured within national social orders before states can be wielded by historical blocs, it is difficult to ignore the effect that regional intra-capital divergences have on social order formation. For this reason, global capitalist Gramscians are, at times, willing to accept that contradictions remain between different modes of capitalist social organization (East Asian, Rhineland, Laissez faire) (Gill, 1995b, p94). But, despite doing so, this possibility is underplayed and concepts such as supremacy are proposed instead to continue theorizing a capital-led convergence process. As such, it is argued that a non-hegemonic historical bloc has secured rule over a fragmented opposition through both coercion and consent (Gill, 1995a). Thus, rather than exploring the possible implications of social order variation, global capitalist Gramscians continue to theorize global order in terms of a transnational historical bloc. This, they argue, is forged between the transnational capitalist class and regional beneficiary classes such as urban elites and new middle classes (Gill, 1995a, p. 404-405; Gill, 1993, pp. 34–35).

Although an increased capitalist convergence cannot be denied, this is the case primarily at the level of first degree abstractions on broad questions of capitalist vs. non-capitalist social organization. By focusing primarily on this dimension, however, global capitalist Gramscians have exaggerated the uniformity within both the proposed global capitalist order and among the capitalist class which has led to a negation of equally important regional social order formation processes. This is because although acknowledging a national point of legitimation, they have focused insufficiently on the implications that intra-capitalist interest variation pose toward social order variation. To overcome this limitation, insights by theorists such as Gonzalo Pozo-Martin (2007) and Ray Kiely (2006) are particularly useful. Similar to neo-Gramscians, they understand the foundations of global capitalism as secured by individual states, but veer by proposing that states are wielded primarily by nationally dominant capital fractions to advance their interests (Pozo-Martin, 2007). Thus, although globalizing tendencies are identified, they are understood in the context of global inter-capitalist collaboration among nationally-ascendant capital factions which benefit from increased globalization (Kiely, 2006). In this way, state policy is related back to distinct domestic class interests, rather than to abstractions of a singularly coherent global capitalist class.

Pozo-Martin and Kiely’s analysis rests on the other end of the national-transnational spectrum in which the nation-state is the main point of analysis and runs counter to the state transcending Gramscian approach. But, the tendency of state apparatuses to remain beholden to regional/national capitalist classes is a viable assumption which also cannot be easily ignored (Gill, 1995a, p. 422). As such, in accounting for a national/regionalizing tendency, this is better understood as a regionalizing counter-pull against continued globalizing tendencies. In this way, the multiple pressures acting on state apparatuses can be understood as linked and interrelated and simplistic logics of over-determination can be avoided. This not only overcomes both national and transnational biases, but also allows for both dimensions to be accounted for synchronously and from which qualitative social order variation can also be theorized.

Once it is accepted that state apparatuses can be captured by both Northern-emanating transnational historical blocs and national/regional historical blocs, it is impossible to theorize global order in terms of a singular neoliberal capitalist logic alone. At the level of capital, this is because despite sharing an interest in advancing global capitalism, different factions of capital fare differently under the neoliberal international order. This is especially so for non-Northern capital fractions because the neoliberal order primarily advances the interests of Northern capital at the expense of less advanced, regionally situated capital fractions. Securing this are global governance norms which force regionally or nationally dominant capital fractions to compete directly with more advanced Northern capital fractions. Such norms also make it more difficult for states to be wielded by national/regional historical blocs to pursue infant industry type promotion policies. With disparities between the global North and South protected further by rules on intellectual property rights, neoliberal policy norms have led to value-added accruing disproportionately to core capital fractions while non-Northern capital fractions specialize primarily in lower value-added subcontracting type economic processes (Chang, 2002; Wade, 2003).
The identification of clear cleavages among capitalist sub-classes suggests that resistance toward neoliberal convergence norms can take many forms, one of which is a state-led national development agenda. This can be either in the case of a historical bloc wielded-state which advances the interests of domestic capital fractions or by an autonomous state managing class such as China's CCP which can ‘foster, guide and direct capital accumulation’ (van Apeldoorn, de Graaff, & Overbeek, 2012, p. 475). Kees van der Pijl understands such market directing development as a defensive contender state strategy against the advance of transnational capital to replace ‘state classes [by] governing class[es] submitting to liberal global governance’ (van der Pijl, 2012, p514). This entails that state-managing classes must harden their mold to secure an effective political and economic control in order to avoid the ascent of potentially ascendant domestic classes (van der Pijl, 2012).

Although China’s CCP is an autonomous actor, this cannot be accounted for in realist state as actor terms, but rather should be accounted for in terms of the autonomy enabling features of the social basis of China’s state. This is because the CCP elite bureaucracy’s autonomy does not exist in a vacuum, but rests on a very tangible passive revolution. This understanding has parallels with Kevin Gray’s analysis of the CCP’s autonomy on the basis of a Gramscian passive revolution in which no single class is powerful enough to become hegemonic because the relative strengths of major classes are balanced (Gray, 2010). It is on this basis that a temporary political autonomy is enabled and which dissipates once conditions of passive revolution erode. As such, the CCP’s elite bureaucracy can be conceived of in class terms as securing its class interest through an organic relationship with China’s state apparatus. This political autonomy has also enabled the CCP’s capacity to manage long-term class formation trajectories among China’s major classes by absorbing potentially ascendant classes within state structures (van der Pijl, 2012, p. 512; Gray, 2010, pp. 458-460).

Although van der Pijl has provided a convincing interpretation of China as a contender state which resists Northern encroachment, the question remains as to how the CCP has wielded the Chinese state to impinge on surrounding social orders. Although this is not always easy to isolate and identify due to surrounding states coming under a plethora of transnational influences, this is not so in the case of Taiwan. This is because due to Taiwan’s ‘renegade province’ status, its unification has long been a core CCP policy priority and toward which enormous resources have been placed to shape its social order. The reason for this consistency is because a central element of the CCP’s regime legitimation is based on nationalist terms. As such, the CCP has to be perceived by Chinese citizens not only as advancing China’s national interest more generally, but especially core interests such as Taiwan’s unification with China (Shirk. 2007).

The following sections examine the process by which Taiwan has tilted ever closer to China through a Cross-Strait historical bloc and the contradictions which have increasingly underlined this process. To do so, I rely on two key concepts to guide my analysis, Taiwan’s Cross-Strait historical bloc and the hegemonic narrative which has enabled its rule. In terms of Taiwan’s historical bloc, I argue that its transnationally-oriented and primarily sub-contracting based Large Enterprise-owning capitalist class became hegemonic after Taiwan’s democratization over the 1990s. Although integrated within global production networks, Taiwan’s LE capitalist class sees its core interest as being tied to a deepened Cross-Strait Economic Integration (CSEI) with China. Due to the intensity and scale of CSEI, I theorize the CCP as an external participant in the Cross-Strait historical bloc which relies on the LE capitalist class to shape Taiwan’s social order toward an eventual unification with China. Taiwan’s hegemonic narrative, I argue, contains two key ideational components. The first is economic and conceives of ‘inevitable’ capital advancing national and CSEI policies as co-determinate with Taiwan’s social and economic welfare. This economic discourse only became hegemonic because of a second ideational component of a divisive Taiwan national identity debate. Although not propagated specifically by the LE capitalist class to secure its rule, Taiwan’s identity debate has had such an effect by depoliticizing economic issues. As such, Taiwan’s major political parties have also relied on varying identity discourses to secure electoral support toward advancing elite interests.

Lee Teng-Hui and the Ascent of Taiwan’s Historical Bloc
Before the CCP could be included in the Cross-Strait historical bloc, Taiwan’s historical bloc first had to become hegemonic during the 1990s. Before this, Taiwan was ruled under a prolonged one-party Kuomintang (KMT) dictatorship which fled from China to Taiwan in 1949 to set up a mainlander-dominated Republic of China (ROC) government. The hegemony of Taiwan’s historical bloc occurred within the context of a fierce intra-KMT power struggle between president Lee Teng-hui’s (who came to power in 1988) Taiwanizing/democratizing alliance and party reactionaries who attempted to maintain continued mainlander dominated one-party rule. To secure control over the state, Lee empowered Taiwan’s LE capitalist class and special-interest like political factions as the social base of his administration and advanced an unambiguously capital advancing policy course (Wang, 1996). A viable historical bloc quickly emerged in which the LE capitalist class became hegemonic. This was because unlike political factions, the LE capitalist class was vested in a clear mode of production, possessed a defined class consciousness while also fully aware of the importance of securing a viable ideational hegemony (Chu, 2007, p. 160; Gold, 1996, pp. 1103-1104). At a more structural level, the ascendance of the LE capitalist class was secured on a President Lee-mandated financial liberalization drive which led to a transition of Taiwan’s state-controlled to capital defined financial system (Yang, 2001, pp. 357-359).

Although advancing elite LE capitalist interests, President Lee secured a decisive public support due both to his democratizing role and the rise of a Taiwan identity politics. Before this, Taiwan’s authoritarian state disseminated a Chinese identity on Taiwan while a Taiwan identity was primarily advanced by the opposition Democratic Progressive Party (DPP). Lee, a dedicated Taiwan nationalist who previously shrouded his views, relied heavily on the resources of the state to engage in a cultural project to forge a more distinct Taiwan identity (Kaeding, 2009). Although not stated specifically, Lee’s long term goal was to establish Taiwan as a de jure separate entity from China. The rise of a Taiwan identity politics stilted a class or issues-based politics from developing and served as a crucial tool of legitimation which strengthened the hegemony of Taiwan’s capitalist class. This is because the hollow and divisive nature of the national identity debate had a depoliticizing effect on economic policy. The longer term roots for this development can be traced to Taiwan’s democratization in which social movements advanced respective causes while also challenging a democratizing authoritarian regime. This led to a high degree of inter-mixing between the progressive movement and democratization/Taiwan identity movement so that a separate economic agenda became submerged under the wider banner of democracy (Minns & Tierney, 2003, p. 119). During the 1990s, Taiwan’s national identity politics filled a post-democratization discursive vacuum so that class contradictions and economic issues were increasingly side-lined instead by identity perception cleavages (Buchanan & Nicholls, 2003, p. 230). Although the DPP and the KMT continued to differ on issues such as social redistribution and environmental protection, identity and nationalism became ever more central toward defining voter orientation (Cheng & Hsu, 1996). Lee’s capital advancing administration thus also remained popular and secured a necessary electoral support due to his democratizing and Taiwan identity advancing role (Lu, 2002).

Despite Lee’s capital advancing policy, a central tension also defined his administration’s relationship with the LE capitalist class due to a rapid intensification of CSEI. This is because the fractional nature of Taiwan’s hegemonic LE capitalist class was primarily sub-contracting based and due to which it experienced a tremendous pull to set up production bases in China to lower production costs and also to supply China’s domestic market (Chen, 2003, p. 85; Hsiao, 2001, pp. 189–190). China’s autonomous and contender state-managing CCP amplified this pull further. This can be traced to its 1979 ‘Temporary Regulations Regarding Opening Trade with Taiwan’ statement which asserted that Cross-Strait trade was a special form of trade which would ‘create conditions for [the] unification of the motherland’ (Roy, 2004, p. 1). The CCP also enacted stipulations such as its 1988 ‘Regulation for the Encouragement of Investment by Taiwanese Compatriots’ which added special treatments to Taiwanese investors beyond those enjoyed by Northern investors (Huang, 2002, pp. 9-10). To cement closer ties with the taishang (Taiwan’s China-bound capitalist class), the CCP also set up a network of agencies charged with building relations and supporting taishang interests in China (Meer, 2006).
By the 1990s, the CCP’s Cross-Strait strategy was so successful that it could already be considered as an external participant in Taiwan’s historical bloc. That the CCP aimed primarily to shape Taiwan’s social order through CSEI is observable in its United Front policy framework (also used toward Hong Kong) which calls for the active courting of and alliance formation with China-friendly social forces (van Kemenade, 2001, p. 61). Central to this was the alliance with Taiwan’s LE capitalist class to intensify CSEI, foster Taiwan’s economic dependence on China and also to constrain Taiwan’s long-term policy autonomy vis-à-vis China (Bolt, 2001, p. 83). This was due to the LE capitalist class’ hegemonic role in Taiwan which secured it a strong capacity to shape public opinion, influence election outcomes and also to gradually constrain Taiwan’s political parties toward a more CSEI enabling policy path.

Viewing an intensifying CSEI with grave concern, Lee’s administration attempted, but failed to constrain its intensification. This already began in 1993 with the ‘go south’ investment diversion policy which encouraged Taiwanese business to invest instead in ASEAN countries such as Vietnam and Indonesia (Bolt, 2001, p. 86). In 1996, Lee escalated this through the ‘no haste, be patient’ policy which limited China-bound investments to 50 million USD while also implementing blanket investment bans on Taiwan’s high-tech sectors (Landler, 2001). Excluding a limited number of successful investment reversals, however, Lee’s ‘no haste, be patient’ policy framework was a resounding failure. Most firms easily circumvented constraints by channelling investment through third-party destinations such as Hong Kong or the Cayman Islands, the ease of which was a direct outcome of Lee’s financial liberalization drive (Chen, 2007, pp.176-177). As such, by 2000, approximately 40000 Taiwanese companies had operations in China while total cumulative investment ranged between 45 billion to 60 billion US dollars, an estimated 40-50% of Taiwan’s total FDI (Dent, 2005, pp. 399-400).

The fact that capital could circumvent Lee’s ‘no haste’ policy so easily explains why there was no head on collision between Taiwan’s LE capitalist class and an otherwise capital advancing president Lee. This failure to moderate CSEI is indicative of the hegemonic stature of Taiwan’s LE capitalist class and illustrates that, regardless to the nationalist inclinations of Lee’s administration, it was powerless to constrain Taiwan’s LE capitalist class. For the time being, the interests of capital were advanced by default of an intensifying CSEI, but this would not last for long.

The DPP and the Liberalization of CSEI Restrictions
By 2000, the opposition DPP’s Chen Shui-bian was elected to the presidency. By this time, Taiwan’s Cross-Strait historical bloc no longer just circumvented CSEI restrictions, but advanced to secure substantive CSEI openings from Chen’s self-proclaimed Taiwan nationalist administration.

At the onset of its rule, the DPP drew support primarily from three major electoral blocs, Taiwan identity and independence supporters, a reform-minded middle class demographic and a more economically marginalized demographic (Hsu, 2009, p. 296). Despite historically close ties to social movements, the DPP quickly adopted a capital friendly policy stance. This was partially due to the minority nature of Chen’s government and its dependence on Taiwan’s historical bloc for effective rule (Kastner, 2004, pp. 17–18). The DPP thus proactively rebranded itself as a ‘third way’ party to secure the backing of Taiwan’s LE capitalist class. As such, already throughout the 2000 presidential campaign, the party leadership maintained close ties with many of Taiwan’s most influential captains of industry. Many such as Chimei’s Hsu Wen-long, Acer’s Stan Hsih and Evergreen’s Chang Rung-fa also openly stated their support for the DPP (Chu, 2009, pp. 52-53). Although such support was shaped by a number of factors, it was influenced especially by Chen’s expected reversal of Lee’s ‘no haste, be patient’ policy (Chu, 2004, p. 509; Leng, 2002, p. 267).

Following its electoral victory, in addition to continued attempts at winning long-term business support, the DPP also reversed course on a number of its pre-election commitments as evident in its backtracking on nearly all of its labour manifesto promises (Lin & Chou, 2010, p103). Chen relied on the convenient pretext of ‘salvag[ing] the economy’ from recession to do so. At the same time, Chen also held an Economic Development Advisory Conference (EDAC) in 2001 to justify such a policy on the basis of a

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2 Interview with Chien Hsih-Chieh in December 17, 2017
national consensus on economic recovery. Of the delegates present at the EDAC, 34% were from the business community while an absolute majority were business friendly in orientation (Kastner, 2004, p. 23).

The DPP’s CSEI liberalizing policy course was similarly legitimated on the basis of economic needs (Chu, 2004, p. 509). In tune with the LE capitalist class’ hegemonic narrative, Chen legitimated CSEI openings as a purely economic matter which was inevitable for Taiwan’s continued prosperity. To strengthen this claim, Chen also relied on EDAC recommendations toward the necessity of CSEI openings (Hammond-chambers, 2002, p. 4; Kastner, 2004, p. 23). On this basis, the DPP finally replaced Lee’s ‘no haste, go slow’ with its ‘active opening, effective management’ policy in 2001. This increased permitted individual firm investments from 50 million to 80 million USD, lifted investment limits of publicly listed companies from 20% to 40% of company net worth while also implementing an automatic approval process for all investments under 20 million USD. In response to sectorial advocacy, the DPP also lifted or relaxed restrictions on various previously restricted IT investment types such as notebook computers, mobile phones, semiconductors and liquid crystal displays (Cheng, 2005, pp. 119-120; Kastner, 2004, p.22; Kobayashi, 2005, p. 14).

The DPP’s lifting of CSEI restrictions occurred primarily during its first 2 years of rule, a time during which it cultivated a more centrist and temperate public image. But, plagued by a rapidly ebbing popularity due largely to a prolonged economic deterioration which accompanied its rule, the DPP opted eventually to secure electoral support by adopting a more hard-line and populist Taiwan nationalist position. This found its counter-point in the KMT’s visibly more China-friendly position which was adopted after Lee Teng-hui’s ouster from the party (Chan, 2006, pp. 66–67; Lee, 2007, pp. 205–206; Tanner, 2007, pp. 101–110). As such, Taiwan’s political discourse was quickly defined almost entirely by a polarizing, binary-like and emotionally charged identity debate (Chu, 2009, pp. 58-59). The DPP thus secured a captive Taiwan nationalist support provided it embraced a visible Taiwan identity stance. This enabled the DPP, like the KMT, to pursue a capital and CSEI advancing policy course without facing a serious electoral backlash among its relatively more grass root support base. This was because the DPP’s Taiwan nationalist supporters tended to support the party due to its nationalist narrative framing which remained at a political state-level focus and for which CSEI (and economic policy more generally) hardly factored as a serious concern.

In the long-run, the DPP’s identity strategy was a failure because its ever-intensifying populism and Taiwan’s declining economic faring alienated centrist voters who were more pragmatic, stability minded and concerned with economic development. As such, electoral support from a minority hard-line Taiwan identity demographic was simply not sufficient for prolonged electoral success (Tanner, 2007, p. 107-108). The erosion of a centrist support for the DPP was also further exacerbated by an increasingly hostile and KMT supporting LE capitalist class. Such support was largely due to the even more business friendly nature of the KMT, its anticipated CSEI openings and the CCP’s stated support for the KMT. As such, not only did the LE capitalist class wield its resources to support the KMT, but it also intensified Taiwan’s hegemonic narrative by framing its worsening economic performance as a direct outcome of the DPP’s continued CSEI restrictions (Kastner, 2004, pp. 17–18).

In addition to proactive LE capitalist support for the KMT, the CCP relied on its passive revolution enabled autonomy to discipline minority DPP-friendly LE capitalists to dissociate themselves from the party and embrace a China friendly stance. This rested on the CCP’s control over China’s market which enabled it to plant party cells in nearly all Taiwanese businesses and to implement limitations on vertical integration opportunities in China (Cheng, 2005, pp. 109–110). Already in 2000, the CCP warned through the Xinhua news service that it would impede the Chinese investments of Taiwan identity advocating tai shang (Tanner, 2007, pp. 114–115). Soon after, the CCP pressured DPP friendly companies so that both Chang Rong-fa (Evergreen) and Stan Hsih (Acer) distanced themselves from the DPP while declaring their opposition to Taiwan independence (Leng, 2002, pp. 226-227; Tanner, 2007, pp. 114-117). A most dramatic example of this phenomena is Chimei’s Hsu Wen-Long who was among Taiwan’s most public DPP supporting nationalist captains of industry (Tanner, 2007, pp. 127–128). To pressure Hsu to reverse course, the CCP subjected Chimei’s Chinese petrochemical and LCD plants to prolonged
environmental/industrial inspections while also ordering Chinese companies not to source orders from Chimei (Tanner, 2007, p. 115). As an outcome, Hsu also publicly dissociated himself from the DPP in 2004 while stating that ‘Taiwan and China belong to one China’ (Hickey, 2009, pp. 52–53).

The Taiwan nationalist DPP administration’s CSEI liberalization is indicative of the Cross-Strait historical bloc’s hegemony. But, its increased maneuvering against the DPP demonstrates not only its capacity to shape policy parameters, but also as the following section shows, to determine the electoral prospects of its favored political parties.

**Ma Ying-Jiou and Cross-Strait Rapprochement**

Due to a corruption scandal, public backlash against the DPP’s identity politics, prolonged economic deterioration and popular support for an intensified CSEI, the KMT’s Ma Ying-jiou secured 54.45% of the vote in the 2008 election. Ma’s platform de-emphasized identity politics and was centred instead primarily on clean politics, rejuvenating Taiwan’s economy and a full rapprochement with China. To reassure Taiwan’s approximately 80% unification opposing public (a composite of a minority Taiwan independence bloc and a majority status quo bloc), Ma pledged a Cross-Strait policy of ‘no unification, no independence and no use of force’ (Muyard, 2010, pp. 5–6).

In addition to a political détente, Ma’s landmark policy was the Economic Cooperation Framework Agreement (ECFA) with China. The KMT legitimated ECFA as a catch-all solution for Taiwan’s ongoing economic malaise from which all of Taiwan’s major classes were promised to benefit (Wang, 2010, pp. 152–153). At a first glance, this is not implausible, especially in the context of the CCP’s self-projection as economically benefitting Taiwan’s citizens to secure an added goodwill toward China and the KMT (The Economist, 2010). This, coupled with the asymmetric nature of CSEI, adds further credence to the possibility of such a scenario panning out. The degree to this asymmetry can be observed, for example, in terms of Taiwan’s China-bound exports accounting for more than 40% of its total exports (compared to China’s 8% of imports from Taiwan) and its 116 billion USD trade surplus with China in 2013 (Bulard, 2012; Karunungan & Lee, 2014).

The ECFA agreement veers from standard free trade agreements due to its almost solely politically motivated nature. This is observable in assurances made by Chinese officials which promised that there would be more items for tariff reduction on the Chinese side, that the CCP would protect the interests of Taiwan’s weaker industries and that the ECFA will not lead to an increase of Chinese agricultural exports or labor flows to Taiwan (Leng, 2011, p. 369). The CCP also stressed the asymmetric nature of the ECFA’s early harvest list in which 539 items were opened on China for tariff phasing (an estimated export value of 138.4 billion USD) while Taiwan only opened 267 items (2.86 billion USD) (Hsieh, 2011, p. 143). The atypical nature of ECFA is further evident in its calling only for both parties to ‘expeditiously conclude’ the negotiations’ without the mentioning of a 10 year transitional period which is common to FTAs (Hsieh, 2011, p. 148). Finally, the ECFA is also only one facet of the CCP’s generally atypical and favour winning economic policy which, for instance, also includes widely publicized CCP provincial and city official-led procurement group visits, some of which have placed orders as high as 5.2 billion USD (Novak, 2010).

Despite the CCP’s interest-ceding, Ma’s promises did not pan out and Taiwan’s economic malaise continued. This is because CSEI has primarily advanced the interests of Taiwan’s predominantly subcontracting-based LE capitalist class to extend the durability of its cost-down production based sub-contracting business model (Leng, 2011, p. 370). It is also this business model which is at root of Taiwan’s enormous capital flight and industrial migration to China. This has led not only to an increased unemployment, but has also added downward pressures to Taiwan’s low wage (averaging at 22000 – 25000 NTD monthly) and over-time based (an average of 22,00 hours worked annually) labour regime (Bulard, 2012). As such, it has been Taiwan’s sub-contracting LE capitalist class which has secured the majority of benefits accrued from CSEI which China’s stated interest ceding has been unable to offset. It is therefore not surprising that during the first decade of the 2000s, that average real wages shrunk by approximately 4% while GDP grew by approximately 18% (Wang, 2011, p. 67).
The social trends noted above are not novel and also defined Taiwan’s socio-economic climate during the DPP’s time in office. What has changed, however, is that the receding intensity of Taiwan’s populist identity politics has led the citizenry’s attention to turn to more tangible social and economic issues rather than abstract identity debates. This is evident especially in the increased concern over Taiwan’s so-called M shaped society of a shrinking middle class and an ever widening discrepancy between the wealthy and the poor (Fell, 2010, p. 192). Not only has this led to the weakened hegemony and social order shaping capacity of the Cross-Strait historical bloc, but also the resurfacing of powerful social movements which have challenged the elite defined nature of CSEI and Taiwan’s social order.

This dynamic eventually converged into the sunflower movement in 2014 which drew support both from social movements and Taiwan nationalists to protest against the expected passage of a Cross-Strait Service Pact. The Service Pact was a major extension of the ECFA agreement which would significantly liberalize trade in services between Taiwan and China and which opens 64 Taiwanese services sectors to Chinese investment and 80 Chinese service sectors to Taiwanese investment. From the onset, the Cross-Strait Service Pact was mired by controversy, even in terms of intra capitalist contradictions. This was because of fears that an opening of Taiwan’s service sector would pose serious threats toward domestically oriented firms. As such, numerous industry associations representing sectors such as beauty treatment and publishing, have raised concerns over this (China Post, 2014). But at the same time, affected sectors are not ones in which capital consolidation is pronounced and which consequently have secured a more limited political influence. This is in stark contrast to the agreement’s beneficiary sectors such as the consolidated services and finance sectors (Hsu, 2013).

The central demand of the sunflower movement was that the Service Pact be passed on a clause-by-clause basis so that it can be scrutinized sufficiently in the legislature and be subject to public debate (China Post, 2014). The sunflower movement took issue particularly with the closed door nature of KMT – CCP negotiations which were perceived as primarily advancing elite interests and leading to Taiwan’s overly rapid integration toward China (Hsiao, 2014). In addition to a prolonged occupation of the legislature between March 18 and April 6, numerous rallies were organized around the legislature, the largest of which drew approximately 500,000 participants. That the sunflower movement altered the parameters of Taiwan’s policy discourse can be observed in the 73.7% support for a clause by clause review and the stalling of the Service Pact’s passage (Wang, 2014; Shih, 2014).

The immediate political outcome of the sunflower movement was the KMT’s unprecedented defeat in November 28 Mayoral elections. The KMT leadership made matters worse by under-estimating the sunflower movement and Taiwan’s increasingly politicized youth as a serious social force. Instead, the KMT continued to champion its LE capital advancing domestic and CSEI policies while also nominating numerous candidates from powerful political families who secured enormous financial gains through CSEI and who quickly became focal points for the public’s anger. Furthermore, KMT candidates also relied heavily on captains of industry such as Foxconn’s Terry Guo to campaign for them which, for the first time, backfired instead (Hsieh, 2014). Not only did KMT mayoral candidates lose by large margins in traditional DPP strongholds, but also in KMT strongholds such as Taichung and Taipei (Fang, Yang and Yang, 2014). Although this defeat was due to a number of factors, central were the public’s discontent toward Ma’s perceived elitist, unresponsive and inefficient rule which was blamed for Taiwan’s worsening socio-economic climate. The defeat was considered as such a decisive blow to the KMT that Ma Ying-jiou was forced to step down as party chairman afterward (Hsieh, 2014).

On the flipside, the DPP secured an impressive victory for which it focused heavily on tangible economic issues which resonated with Taiwan’s increasingly politicized youth. DPP chairman Tsai Ying-wen, for instance, acknowledged not only both the political power of Taiwan’s youth, but also that, by and large, young people are discontent, less partisan and concerned primarily with tangible economic and policy issues. One manifestation of this dynamic was that nearly all DPP candidates campaigned heavily on social housing to address a rising discontent against Taiwan’s ever rising real estate prices (Huang, C.-Y). As for CSEI, Tsai notes that the youth are not against CSEI per se, but are opposed to its gains accruing to a slim political and economic elite rather than all citizens (Liu et al, 2014).
For now, it remains to be seen whether a coherent agenda can crystallize on the basis of economic concerns which can pressure both the DPP and KMT to moderate their policies when in office. But, in any case, a continued elite-led CSEI has become much more difficult to legitimate in light of the LE capitalist class’ waning hegemony. This puts the CCP in an especially difficult position because it relies on Taiwan’s LE capitalist class to deepen CSEI and shape Taiwan’s social order while the socio-economic outcomes thereof have now led to an eroding support for CSEI. For now, the CCP’s response has been to place more emphasis on engagement with target demographics such as SME owners, middle and low income earners and the youth (Kuo, 2014). But this is still primarily at a symbolic level and it remains to be seen how the CCP may alter its longer-term strategy in response to Taiwan’s altering social order dynamics and what implications this might have on the continued coherence of the Cross-Strait historical bloc.

Conclusion:
In this article, I argued that a Gramscian framework, contrary to common applications toward theorizing global capitalist convergence, is particularly well-suited to theorize continued regional social order variation. This, I argued, is because of its capacity to conceive of states as being both impinged upon by a transnational and regional historical blocs, the direction of which is defined by the nature of nationally hegemonic capital fractions. In the case of regionalizing processes emanating from China, I demonstrated that the CCP can similarly be integrated within regional historical blocs as an autonomous class actor. I have done so on the basis of China as a passive revolution enabled ‘contender state’ by which the CCP has secured a temporary autonomy on which it shapes surrounding social orders. Through the case study of CSEI, I argued that Taiwan and China’s relations can be understood straightforwardly in terms of a regionally operating Cross-Strait historical bloc. To do so, I demonstrated that Taiwan’s state apparatus was progressively confined within the parameters set by the Cross-strait historical bloc upon which the CCP has secured the capacity to shape Taiwan’s social order. But, as I have also demonstrated, this capacity has been significantly weakened due to the regional nature of class contradictions and the waning hegemony of Taiwan’s LE capitalist class. This demonstrates that even in the case of capitalist economic integration trajectories, there exist distinct regional logics which do not necessarily lead to the internationalization toward and resistance against a transnational capitalist global order, but also toward and against distinct regional social orders.

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