

CHAPTER1

Introduction

Global communication environment is shaped by technological development in the telecommunication sector and expansion of a multinational (and increasingly global) network of private corporations. Increased trade and economic integration promote civil and political freedom directly by opening society to new technology, communications and democracy. It appears that global communication links are widespread and growing among economic and scientific elites.¹ This study tries to explore how communication technologies development helps to lower transaction cost, enhance more trade across the Taiwan Strait and furthermore generate impact on political arena.

As a Taiwan's economic policy toward China, as a China's economic policy toward Taiwan influenced by the corporate interests of the business groups and global communication networks promotes economic interests. Both, China and Taiwan have become major economic players in the international community. However, Taipei and Beijing have little formal direct dialogue, but they communicate using a public diplomacy², Internet (B2B e-commerce) and mass media. Telecommunication technologies provide a possibility for business elites in Taiwan and

¹ David Dewitt, David Haglung, Kirtot John, editors (1993), "Building new global order: emerging trends in international security." Oxford, p.174

² In explaining the news process and its role in information transfer, propaganda or public diplomacy to consider possible crisis and the response of different services. Public diplomacy focuses on the ways in which a country may be acting deliberately or inadvertently, and through both official and private individuals and institutions.

mainland China to communicate and create a great amount of bilateral trade between the two sides. Trade between mainland China and Taiwan has increased significantly over the last decade, because both Taiwanese and Chinese share the same language, customs and culture – and this factors save transaction costs.

1.1 Research background

The author of this paper will study the trade dependence between Taiwan and mainland China from the global communication theoretical framework (since year 1979 till 2005).³ The structure of the paper follows: The first Chapter provides a discussion on the related issue. Chapter two focuses on the literature review about trade dependence, business networks and impact of the news media and Internet on international trade relations. In Chapter three we will observe China and Taiwan in the Asia-Pacific global information and communication infrastructure. Chapter four is about the role of Internet dimensions in the Greater South China. Chapter five focuses on the trade dependence between Taiwan and mainland China and B2B e-commerce across the Taiwan Strait. The final Chapter will provide our empirical findings and conclusion.

The above questions will be dealt with and use a theoretical synthesis based on:

- communication theory and elite theory,

³ This time period was selected for the research because in the late 1978 after adopting reforms and open policy, China proposed establishing the three links (direct trade, postal and transportation links) between mainland China and Taiwan

- public diplomacy and theory of international relations (through constructivist lenses),
- World-system theory and dependency theory

In order to explore the research question we have chosen a qualitative strategy and we'll use two basic gathering techniques: document analysis and interview.⁴ The document data will consist from the lists of public and quasi- official stories. A data source from the government portals⁵ will be examined. Government and business persons were selected for study. Government officials may be the proximate source of the information that reaches the public, but they are not necessarily the creators of the information, nor can they always control how information is framed by the press or what the press is interested in, nor are they equally important on all types of issues (Zaller, 1992, p.239). John Zaller points out that government officials are not the only sources of leadership of public opinion that occurs largely through the news media. Downs (1957) argued that in modern democracies, the function of providing to

⁴ Interview with the Steven Yen, Managing director of the branch office in Singapore, from the trade company: "Longshine Technology Co.Ltd." Interview in Appendix 1, p.121

⁵ Mainland Affairs Council <http://www.mac.gov.tw>; Ministry of Economic Affairs <http://www.moea.gov.tw> ; Council for Economic Planning and Development <http://www.cepd.gov.tw> ; Government Information Office <http://www.gio.gov.tw>
 E-government Steering Committee (EGSC) in Hong Kong <http://www.info.gov.hk/eindex.htm>;
 Business Entry Portal <http://www.business.gov.hk/bep/opencms/release/eng/index.html>
 Center for Communication Research http://enweb.cityu.edu.hk/ccr/publications_8.html;
 The E-Business Research center (The executive resource for doing business online) http://www.cio.com/research/ec/edit/110501_china.html;
 World Markets Research Centre (WMRC) http://www.wmrc.com/about_corp_bg.html;
 Trade Commission, Executive Yuan, R.O.C <http://www.ftc.gov.tw>;

citizens so that they can make political decision is in part, delegated to the government as well as to other “agents.” While there is no doubt that elites attempt to inform and lead the public and that public opinion changes in response to new information (Page and Shapiro, 1992), it is usually difficult to pinpoint what elite communications, if any, are influencing the public.

Business persons also were selected for the elite study because, “The businessmen engaged in international economic activities are a particularly influenced elite group whose international communication might well be studied (they were instrumental in international decision making as opinion leaders).”⁶

To understand the main guidelines of Taiwanese political elite we can observe the Taiwanese quasi-document data from the Mainland Affairs Council (MAC), which provide researches, document, comments, public opinions and statistical data about cross-strait economic and political relations.

Table 1. Taiwanese government statements

<p>Statement on mainland China's White Paper. Mainland Affairs Council, Executive Yuan, Republic of China, February 25, 2000</p>	<ol style="list-style-type: none"> 1. We have always maintained that the similarities and differences in the two systems are the core issues of cross-Strait relations. 2. We hope the mainland will soon begin reforms on its political system and social structure, which will not only
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⁶ Mowalana Hamid (1996), “Global Communication in Transition: The End of Diversity?” Thousand Oaks, p.15

	<p>benefit its social stability but also promote its long-term democratization.</p> <p>3. Taiwan's dependence on Chinese markets in terms of both trade and investment has deepened.</p> <p>4. The government will continue to promote the orderly implementation of liberalization policies through negotiation on cross-strait economy and trade.</p>
<p>MAC Chairman Su Chi, at the February 25, 2000 Press Conference</p>	<p>Through dialogue, exchanges, and a process of assimilation the two sides can become a democratic, liberal, and equitably prosperous new China.</p>
<p>Remarks at the Mainland Affairs Steering Committee of the Kuomintang – A Policy Initiative towards Mainland China— Lien Chan; Vice President Republic of China February 17, 2000</p>	<p>The democratic procedures for Taiwan's people and the progress of democratization on the Chinese mainland are essential conditions for the development of cross-strait relations.</p>
<p>MAC Chairman Su Chi: “It Is Too Early to Link Political Talks,” China Times April 8, 1999 p.14</p>	<p>Only when the Mainland becomes democratic can the people in Taiwan support political talks between the two sides.</p>

<p>Guidelines for National Unification; Adopted by the National Unification Council at its third meeting on February 23, 1991, and by the Executive Yuan Council (Cabinet) on March 14, 1991.</p>	<p>II. Goal to establish a democratic, free and equitably prosperous China</p>
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Source: Mainland Affairs Council <http://www.mac.gov.tw/english/index1-e.htm>

From above government “statements” we can see that Taiwanese elites are concentrating on mainland China democratization.

The fast development of the private sector has led to differentiation of social classes. China now has four major social classes: the political and business elites, comprising about seven million people; a new middle-class, about 111.3 million people (or 18.5% of the total workforce); the working class, rural-urban migrants, some 480 million people; and unemployed rural population, making up some 100 million people.⁷

Development of theoretical framework for global communication research mostly is based on a reformulation of the world-system perspective. According to Leslie Sklair⁸ and the world-system approach to globalization, the global logic of the world economy prevails at the economic level. It describes the global structure in terms of three types of structurally equivalent components: the core, the periphery, and the

⁷ Wang Yanlai (2000), “The Potential Impact of Taiwan Democratization on China Political Democratization.” Conference group on Taiwan Studies, University of Limerick, p.5

⁸ Sklair Leslie (1999), “Competing Conceptions of Globalization.” Journal of World-Systems Research, Vol.4, p.143

semi-periphery. In the modern history, economic relationships exist among these components. Peripheral societies specialize in the production and export of labor-intensive, low-wage, low-technology goods desired by the core and the semi- periphery. In return, the core produces capital-intensive, high-wage, high-technology goods in order to export to the periphery and semi periphery. Core countries stay at the center of the world's economic system and the peripheral states remain peripheral.

Galtung believed that the western cosmology viewed the world as a series of centers and peripheries. The centre controls resources (both physical and cognitive). The periphery supplied resources to the centre and looks toward the centre as the locus of power and decision (Galtung and Vincent, 1992).

Communication theory, like social theory more broadly, has been shaped at a fundamental level by the conceptual frame of the nation. Nationality remains a powerful logic of social and cultural organization, and states continue to be central sites of political struggle and regulation (Morris & Waisbord, 2001).

Analysis in the political economy tradition has also been shaped by the concept of the nation, focusing on national regulatory processes and the ownership and control of national media and telecommunication corporations.

1.2 Trade dependence in the globalization processes

Dependency theory states that the poverty of the countries in the periphery is not because they are not integrated into the world system, or not 'fully' integrated as is often argued by free-market economists, but because of how they are integrated into the system. Social interdependence exists when individuals share common goals and each individual's outcomes are affected by the actions of the others (Deutsch, 1949, 1962). Dependency is an historical condition which shapes a certain structure of the world economy such that it favors some countries to the detriment of others and limits the development possibilities of the subordinate economics...a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected.⁹

Globalization is a relatively new idea in the social sciences, although people who work in and write about the mass media, transnational corporations and international business have been using it for some time.

Some globalists (for example, Ohmae, 1990) have even gone so far to predict that global forces, by which they usually mean transnational corporations and other global economic institutions, global culture or globalization beliefs systems/ideologies of various types, or combination of all these, are becoming so powerful that the continuing existence of the nation-state is in serious debt. Communication phenomena associated with globalization – trans-border data flows, media events, global network organizations. The Internet is often seen as a significant

⁹ Theotonio, Santos (1971), "The Structure of Dependence." *Readings in U.S. Imperialism*. Boston: Porter Sargent, p. 226

contributor to the globalization of culture and the economy. It is also seen as an inherently international medium, unimpeded by national borders¹⁰ and removed from the jurisdiction of the nation-state. In a cosmopolitan mode, David Held (1995) argues that globalization requires the extension of liberal democratic institutions (including the rule of law and elected representative institutions) to the transnational level. Nation state-based liberal democracy is poorly equipped to deal with deleterious side effects of present-day globalization such as ozone depletion or burgeoning material inequality. In addition, a growing array of genuinely transnational forms of activity calls out for no less intrinsically transnational modes of liberal democratic decision-making. According to this model, “local” or “national” matters should remain under the auspices of existing liberal democratic institutions.

The announcement by the People’s Republic of China (PRC) of its “Open Policy” toward foreign investment in 1978 raised great hopes for economic growth and prosperity both within the PRC and abroad. In the early stage of cross-strait interaction, the first businesses to venture into China were small and medium-sized firms. This trend changed in the early 1990s, when bigger companies and business groups began to initiate investment projects across the Taiwan Strait.

To develop an alternative to increasing interdependence with the mainland, in early 1994 Taipei launched a “southern strategy” to develop political and economic relations with Southeast Asia. Contrary to observations that the southern strategy is an attempt to offset growing

¹⁰ A national border is an imaginary boundary tied strictly to geographical territory in which state’s sovereignty may be exercised (Goodwin, 1974: 100).

dependence on the mainland, Taipei officials maintain that it is part of a long-term goal of developing Taiwan as a regional transport and service center, which in its most ambitious form envisions Taiwan as a hub linking Singapore and Shanghai and which would attract multinational firms to locate their headquarters in Taiwan.

Nowadays, a communications center in Hong Kong serves as the switching node for 3500 international leased circuits and local extension lines, and Hong Kong operates the largest teleport in Asia. Overseas Chinese linkages give Taiwan important networks of influence that in many ways are more effective than orthodox levers of political and economic power, especially in Southeast Asia. Taiwan has assets such as its locations, international networks, global trading skills, management know-how, good technology and a proven modernization formula. Rejecting past policies of autocracy and strict “self-reliance” the PRC embarked on a new path, seeking to encourage the transfer of advanced technology from abroad and the investment of foreign capital in the PRC.¹¹ “In addition to cultural, historical, and even ideological roots shared by the PRC and Taiwan, the similarities between the legal regimes for foreign direct investment (FDI) in the PRC and Taiwan undermine the conventional communist- capitalist dichotomy often associated with comparisons of the two economies.”¹²

In 1993, the Taiwanese government enacted the Law of Investment and Technologies Cooperation with Mainland China. Led by this new

¹¹ Au Jeffrey K.D. “The hopes and fears of foreign direct investment: a comparative evaluation of FDI regulation in the PRC and Taiwan.” *The Journal of Asian Law*, Volume 2, Nr.2, p.3

<http://www.columbia.edu/cu/asiaweb/v2n2auje.htm>

¹² Au Jeffrey K.D. “The hopes and fears...” p.7

investment policy, the amount of money in direct investment overseas of Taiwan corporations started to grow rapidly and enterprises overseas began to play a more important part than before. According to the financial data of the Taiwan companies, invested in the foreign countries, there are 305 companies, as the effective sample. 210 companies invest in Mainland China; 35 companies invest in Singapore; 27 companies invest in Malaysia; 33 companies invest in Thailand. 157 companies are attributed to the information electronic industry; 51 companies are attributed to the food industry; 28 companies are attributed to the electronic machine industry; 31 companies are attributed to the chemical industry.¹³ Taiwan has a comparative advantage over the mainland in such industries as electronics, IT, e-commerce, as well as sectors which the mainland urgently needs modernization, including finance, insurance and securities. The mainland represents a huge market where land and labor costs are much lower, and natural resources abound. As for Taiwan, certain sectors which are well-developed and firmly rooted, such as telecommunications, finance and shipping. In recent years, there has been a noticeable increase in the number of Taiwanese manufacturers of electronics and electrical appliances relocating to the mainland. According to statistics, the percentage of Taiwanese electronics and electrical appliances manufacturers investing in the mainland stood at 56% in 2000, up from 34% a year earlier.¹⁴

¹³ Khan A.Haider, Wu Juh-Jeng (2004), "Foreign Direct Investment and the Performance of MNCs: Taiwanese Firms in People's Republic of China and Southeast Asia." p.11

¹⁴ China's WTO Accession Special Issue, Issue 12, 2001
<http://gbcode.tdctrade.com/gb/www.tdctrade.com/alert/cba-e0112sp.htm>

1.3 Concept of global communication

As a field of inquiry and research, international communication, or global communication as it more commonly labeled nowadays, is in a state of ferment and evolution. International communication is altered by the rise of modern political systems, the interactions as well as confrontations of various cultures with one other. Defined as a “communication that occurs across international borders”, the analysis of international communication has been traditionally concerned with government–non-government exchanges, in which a few powerful states dictated the communication agenda.¹⁵

The communication system may serve to enhance democracy or deny it. There are no simple solutions to the question of how best to organize media and telecommunications to promote a healthy economy and democratic values, just like there is no simple answer to how best to structure the global political economy. Moreover, it is clear that the two debates are very closely related, in view of the significance of communications to both capitalism and democracy.¹⁶

Several factors were giving rise for the international communication:

1. International conflict, war and the use of propaganda
2. Development of international organizations and diplomacy

¹⁵ Fisher and Merrill, 1976

¹⁶ Chesney Robert and Schiller Dan (October, 2003), “The political Economy of International Communications: Foundations for the Emerging Global Debate about Media Ownership and Regulation.” United Nations Research Institute for Social Development; Programme Paper Nr.11, ISSN 1020-8216

3. Spread of competing ideologies and the use of communication to disseminate messages
4. The development of new communication technologies.

For some, international communication was first seen as an issue of propaganda. Others saw international communication essentially as an issue of education, cooperation, and understanding.¹⁷

Galtung (1971) describes international communication in structural terms. He proposes four rules for defining the structure of international communication:

1. International communication is vertical between centre and peripheral nations;
2. Communication between peripheral nations is missing;
3. Multilateral communication involving all three is missing;
4. Communication with the outside world is monopolized by the centre.

Focusing on elite communication, research areas included the sensitivity of various elites to public communication; the background, outlook, and role of the specialists in international communication.¹⁸

As the rapid development of new technologies continues to change traditional economic and political perceptions, fundamental changes in the structure of global communication must be expected. "Information, exchange of knowledge, and communication are of vital importance in

¹⁷ Mowlana Hamid "Global communication in transition." p.3

¹⁸ Mowlana, p.10

economic activity and in the balance of power in the world today. Telecommunications is the most critical area for influencing the “nerves system” of modern society.... Telecommunications must now be seen as the major component of a conglomerate global sector comprising the management and transportation of information.”¹⁹ Another meaning of globalization is connected with the new era of information technology.

Anthony Giddens (1996) insists that social space comes to acquire new qualities with generalized electronic communications, albeit only in the networked parts of the world. In terms of accessibility, cost and velocity, the hitherto more local political and geographic parameters that structured social relationships are greatly expanded. One may well argue that time-space compression (Harvey 1989) by new information technologies is simply an extension and acceleration of the very long-term trend toward technological development over the last ten millennia (Chase-Dunn 1994). Yet, the rapid decrease in the cost of communications may have qualitatively altered the relationship between states and consciousness and this may be an important basis for the formation of a much stronger global civil society.

Global communication facilities have the power to move things visible and invisible from one part of the globe to another whether any nation-state likes it or not. This applies not only to economic exchange, but also to ideas, and these new networks of communication can create new political groups and alignments.

Research on inherently transnational technologies like Internet and satellite broadcasting has also relied, more often than not, on the nation as

¹⁹ Mowlana, p.56

units of analysis. The most transnational of media infrastructures – the Internet, satellite, television, and global communications - are thus rearticulated conceptually to an international geography based on the nation. Since the flow of information has become faster and more widespread through the diffusion of the Internet, the ability to react to new information quickly and effectively has become the key to competition. A monopoly on information becomes more difficult in the new age, therefore competitive edge comes from the ability to digest information and take advantage of the opportunities that it reveals.²⁰

China has nearly 17 million Internet users, but they comprise only 1.3 percent of the total population. In Hong Kong, by contrast, the 1.9 million Internet users constitute 27 percent of the population. In Taiwan, the comparable figures are 6.4 million and 29 percent. Among ethnic Chinese in the United States it is 2.1 million or 70 percent. China is especially far behind in business-to-business, or B2B, e-commerce deals, which have been growing by leaps and bounds elsewhere. The key reasons for China's e-commerce problems include an insufficient grasp by entrepreneurs of the complexity and dynamics of e-business, obstacles to Web access and e-banking, inadequate supply and delivery systems, and security concerns. It is therefore imperative that the Chinese government provide high-level policy coordination and support for e-commerce development. E-commerce must be a central element in future development strategies.²¹ “B2B market is growing, booming in Southeast

²⁰ Chen Tain-Ju “Globalization and E-commerce: growth and impacts in Taiwan.” National Taiwan University, p.6 <http://www.crito.uci.edu>

²¹ China’s Potential in E-commerce, International Herald Tribune, November 24, 2000
<http://www.iht.com/articles/2000/11/24/edernst.t.php>

Asia. It helps to avoid government influence. Taiwan is a “Number one” in the South East Asia in e-commerce.”²²

1.4 Analytical framework

The empirical data of this paper include: Internet on-line archives for newspapers, broadcasting programs; books and articles about cross-strait relations; text of constitutions and statistical data about trade in mainland China and Taiwan. The texts of Constitutions show that Taiwan’s economic policy toward China is essentially a part of its “foreign” economic policy. But China’s economic policy toward Taiwan is a part of China’s “domestic” economy. In the Constitution of the Republic of China on Taiwan we can see Article 40 “Goods of the Mainland Area shipped or brought into the Taiwan Area shall be treated as imports.” In the Constitution of the People’s Republic of China we can read that “Taiwan is part of the sacred territory of the People’s Republic of China.”

The media are central to the public sphere, because they have the function of cultivating people for participation in democracy, and making government accountable to the people. Habermas’ (1981) theory of communicative action is first of all marked by a methodical orientation, deliberating on and offering solutions for the problem of communicatively shared interests that are required if people get involved in reason. A theory of elite will be used, because the power elite establish the basic policy agenda in such areas as national security and economics.

²² Interview with the Steven Yen, Managing director of the branch office in Singapore, from the trade company: “Longshine Technology Co.Ltd.” Interview in Appendix, p.122

The people do not directly affect the direction of fundamental policies.

In order to carry out the task of supervision of the conduct of the state, the media are expected to play a more active role in advocating an active political discourse and an articulation of a kind of “public opinion ” this is distinct from and potentially critical of the official doctrines.

Constructivism predicts that a sense of shared identity (rather than balance of power) will determine whether two states view each other as threats. One of the most famous constructivist theories in international relations is Wendt’s “Social Theory of International politics” (1999). Once enough members of the system have internalized the beliefs, the system can transform from one type to another. Constructivist theories such as Wendt’s argue that interests are a function of identity. A shared sense of identity should decrease the perception of threat independent of the material balance of power (Rousseau 2002). Many structural theories that minimize the role of human agency, constructivist theory allows individuals and groups to play a decisive role at key junctures in history. In the case of China, it seems likely that if China continues its integration into the international system and its marketization at home, it increases the probability of democratization in the long run.²³ By identifying some of the structural characteristics and strategic dilemmas of countries trying to achieve mobility up into and up through the semi periphery, the world system theory helps explain some of the structural tensions within

²³ Rousseau L. David (2003), “The Rise of China through Realist, Liberal and Constructivist Lenses.” American Political Sciences Association, p.59

Taiwan's economy and some of the economic policies adopted by the Nationalist (Kuomintang) state.

The original dependency theory and world-system theory perspectives emphasized the hierarchical linking of national societies to the capitalist world-economy in a center-periphery structure.²⁴ In the early 1970s, Taiwan began to shift from a peripheral to semi peripheral status in the world economy. This shift was accomplished by moving from the export of low-wage, labor-intensive, light manufacturing to the export of higher-wage, better technology, skill-intensive, and capitalist-intensive intermediate goods. It was also accomplished by Taiwan building up its own periphery, mostly in Southeast Asia, which was dependent on Taiwan for investment, foreign aid, and trade in capital-intensive intermediate goods (Lin 1973, 130 -33). An estimated US\$20 billion in Taiwan investment has migrated to mainland China's cheap labor markets, and unofficial conversations between Beijing and Taipei have become the rule, not the exception.²⁵

The world-systems theory describes the global structure in terms of three types of structurally equivalent components: the core, the periphery, and the semi-periphery. In modern history, economic relationships exist among these components. Peripheral societies specialize in the production and export of labor-intensive, low-wage, low-technology goods desired by the core and the semiperiphery. In

²⁴ Shelton, A.Gunaratne (2002), "An evolving triadic world: a theoretical framework for global communication research." *Journal of World-Systems Research*, p.338

²⁵ Patrick E. Tyler, "The China-And-Taiwan Problem."

<http://mbhs.bergtraum.k12.ny.us/cybereng/nyt/china-tw.htm>

return, the core produces capital-intensive, high-wage, high-technology goods in order to export to the periphery and semiperiphery. The semiperiphery engages in both core-like activities (the exploiter) and peripheral-like activities (the exploited) in the world system.²⁶

Core countries stay at the center of the world's economic system and the peripheral states remain at the peripheral. What little change there is involves the semiperipheral societies, as they move toward the center or periphery depending on global, social, political, and economic factors.

From above theoretical framework we can say that more firms from Taiwan are attracted to the core region to be close to the big market and take advantage of agglomeration economies. Because the coastal part of mainland China (Hong Kong, Fujian, Guangdong and Shanghai) have a better access to the international market, they can be considered as the core regions in a core-periphery model. The core-periphery model usually predict a dispersion agglomeration pattern of industries as the transaction costs change from high to low level. From the case of the mainland China and Taiwan, we can see how economic dependence between two sites deepens and transaction cost decrease. When China opened its coastal cities to overseas investors in 1978, the idea was that foreign capital and know-how would trickle inland and enrich China's poor heartland. More than a decade later, even with most of China now open to investment, about 85% of foreign-investment projects remain in the coastal provinces (McGregor, 1993, p. 10). Taiwanese multinational corporations (MNC) and small medium sized enterprises (SME) companies concentrating mostly on B2B dealing with businesses in China

²⁶ Shannon, 1989

(with a core regions in a core-periphery model); but government agencies between two side of cross-Strait communicate using a public diplomacy through global communication telecommunications. B2B electronic commerce has great impact on the Internet infrastructure and national economy; we can observe it in the Chapter 3.

In international relations, the term public diplomacy - is a term coined in the 1960s to describe aspects of international diplomacy other than the interactions between national governments. The term public diplomacy clearly originated as a euphemism for propaganda.²⁷ However, this definition is a somewhat old-school definition, as more sensitive practitioners embody an intercultural, 'learning' approach to public diplomacy.²⁸ Standard diplomacy might be described as the ways in which government leaders communicate with each other at the highest levels, the elite diplomacy we are all familiar with. Public diplomacy, by contrast focuses on the ways in which a country (or communicates with citizens in other societies. A country may be acting deliberately or inadvertently, and through both official and private individuals and institutions. Effective public diplomacy starts from the premise that dialogue, rather than a sales pitch, is often central to achieving the goals of foreign policy: public diplomacy must be seen as a two-way street. Film, television, music, sports, video games and other social/cultural activities are seen by public diplomacy advocates as enormously

²⁷ The dictionary definition of the word *propaganda* is "The systematic propagation of a doctrine or cause or of information reflecting the views and interests of those advocating such a doctrine or cause."

²⁸ Public diplomacy
http://en.wikipedia.org/wiki/Public_diplomacy#Public_diplomacy_as_beyond_propaganda

important avenues for otherwise diverse citizens to understand each other and integral to the international cultural understanding, which they state is a key goal of modern public diplomacy strategy.

Hypothesis1: Taiwan's and mainland China's competitive edge in B2B communication is enhancing because of both countries Internet penetration rate rose, e-commerce development and the demand for broadband network expanding - its provide a possibility for business elites in Taiwan and mainland China to create a great amount of bilateral trade between two sides.

Hypothesis 2: Taiwanese elites are concerned that increasing cross-strait economic dependence will built more probabilities of mainland China democratization in the long run.

Hypothesis3: Global communication networks promote B2B e-commerce communication across the Taiwan Strait. Due to this factor trade dependence between Taiwan and mainland China increase and generate impact on political arena.

Hypothesis4: Both: China and Taiwan promotes international cooperation and coordination to achieve a cost-effective global communication environment.