

Challenging the Relationship between Institutions and Economic Integration

The Path to Cross-Strait Commerce

By Justin Crist Lee

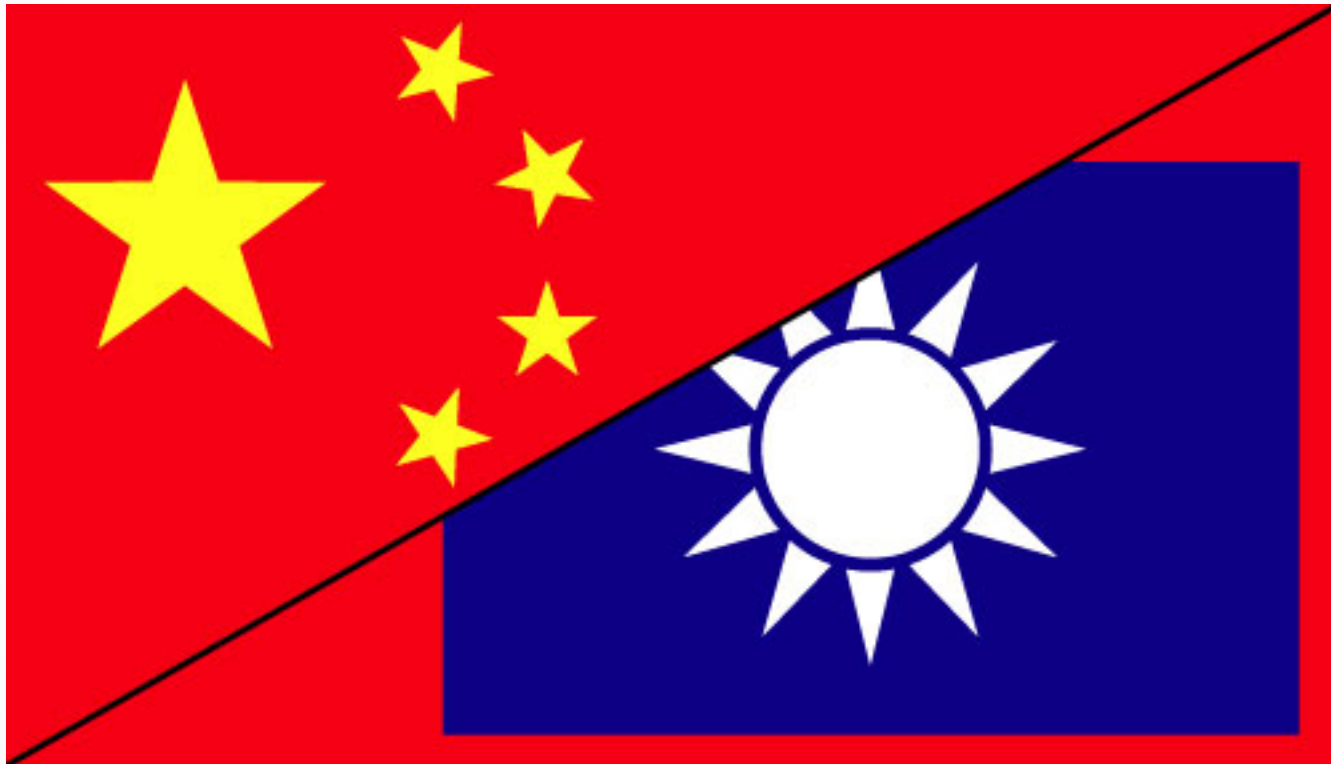
Primary Thesis Advisor: Professor Edward Steinfeld

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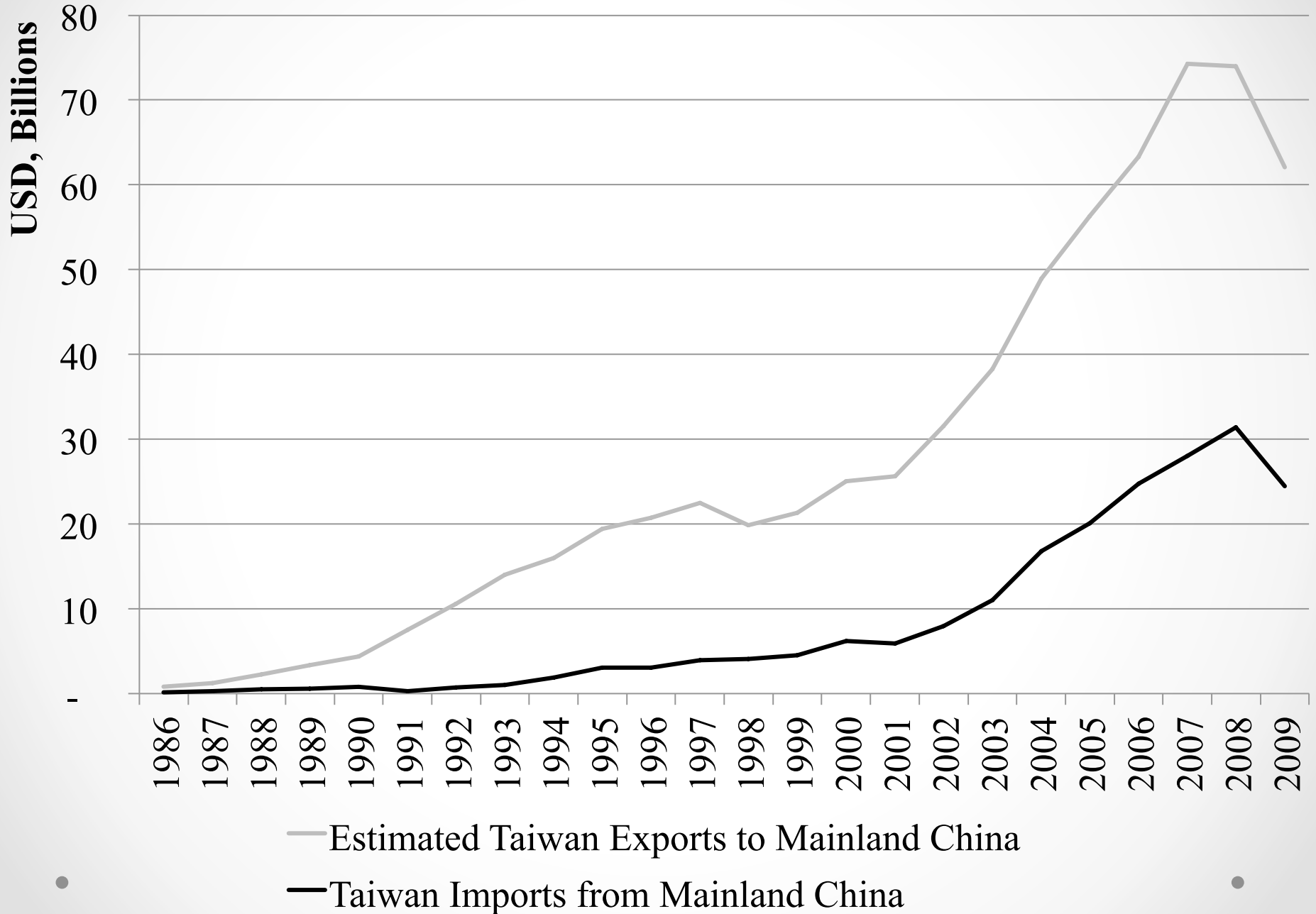




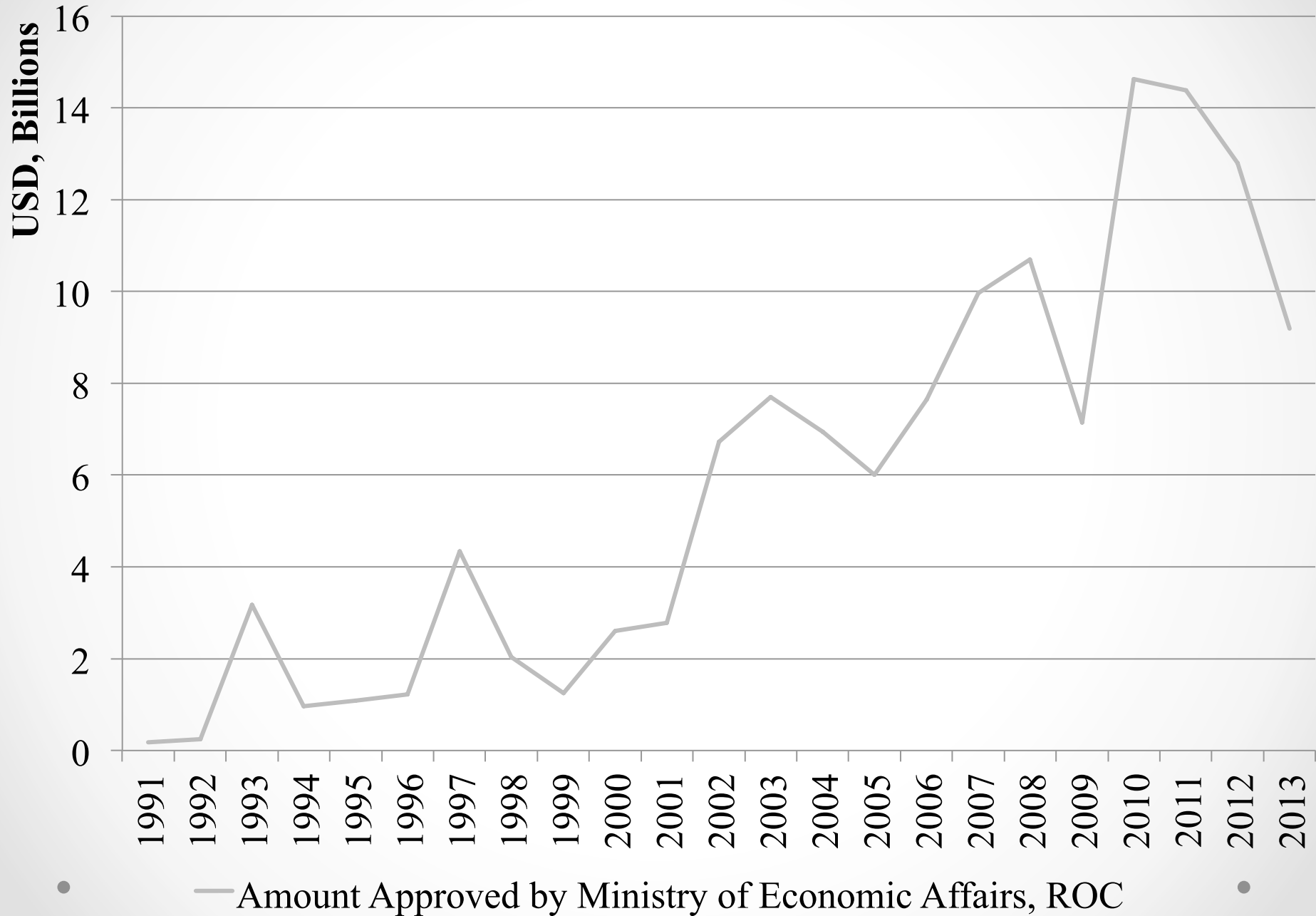
A Diplomatic Stalemate



Estimated Total Cross-Strait Trade



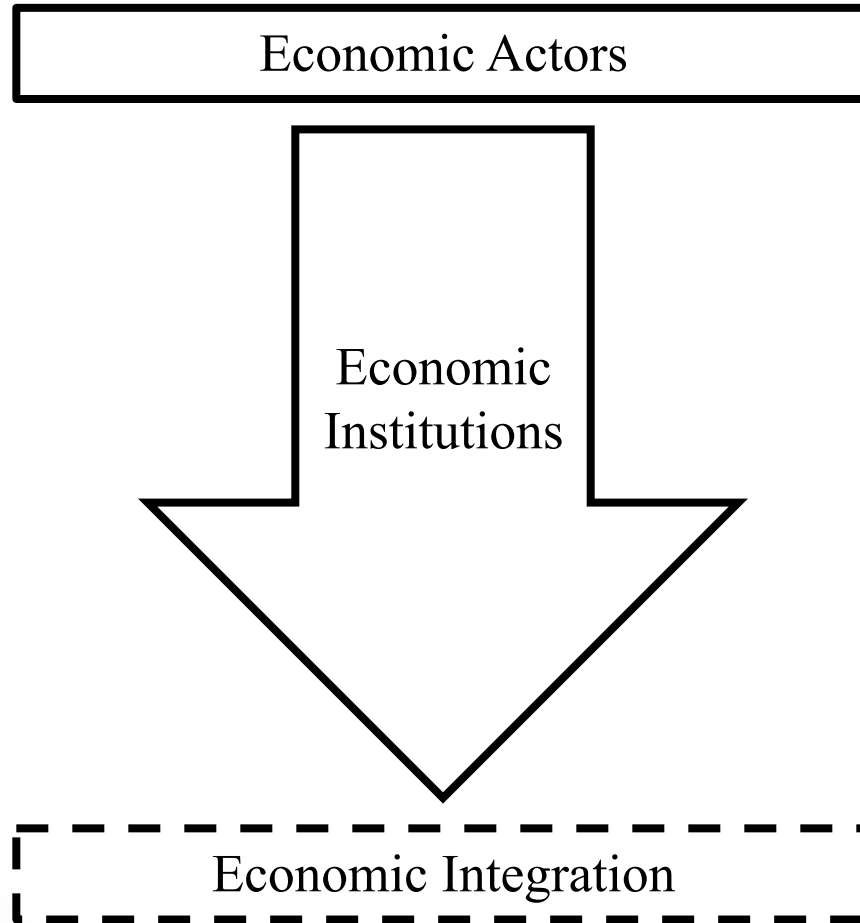
Approved Taiwan Investment in Mainland China



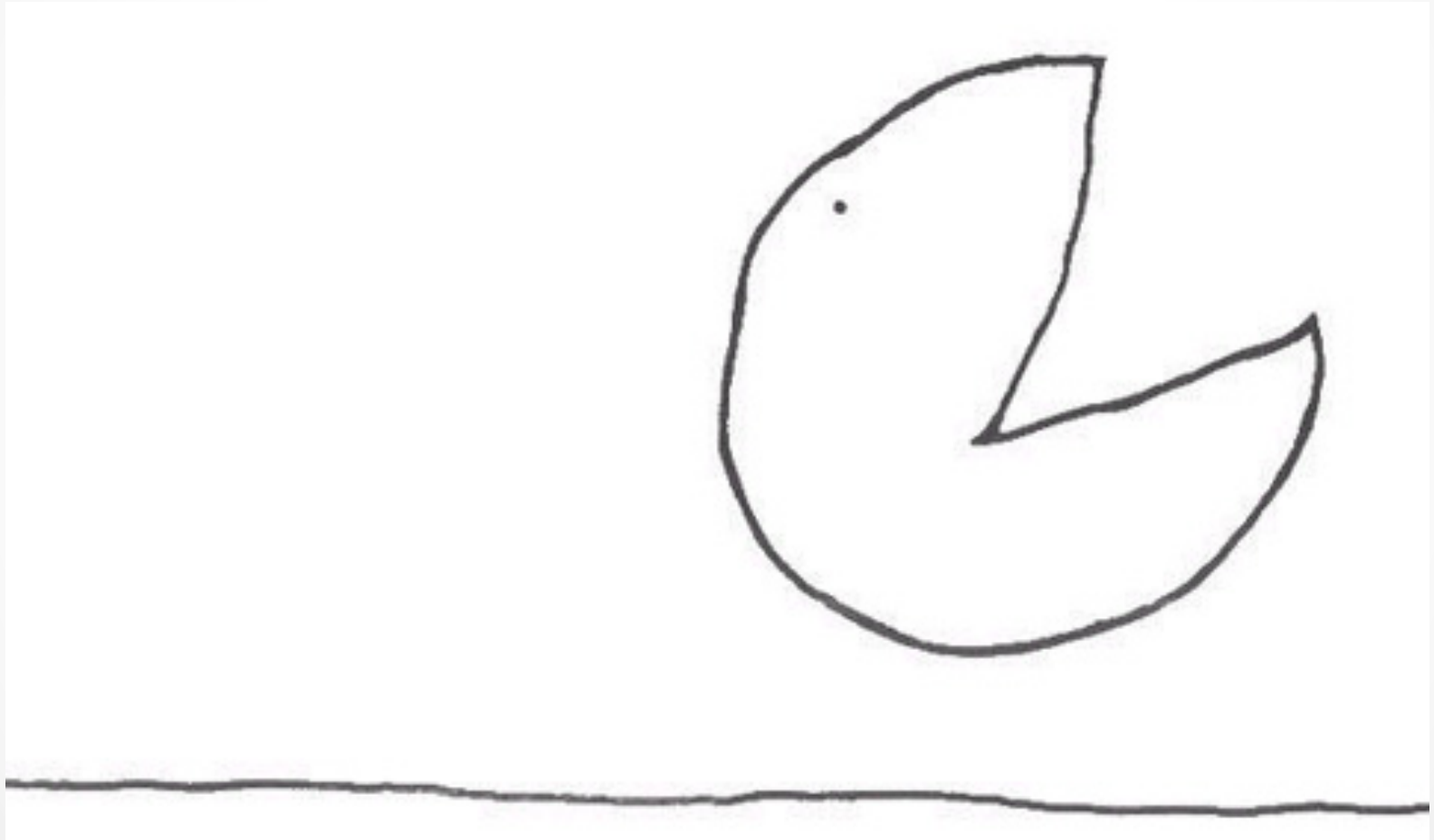
Research Question

Given the lack of formal economic institutions between Taiwan and Mainland China, what are the factors that have facilitated their high levels of trade and investment?

Conventional Wisdom



The Missing Piece(s)

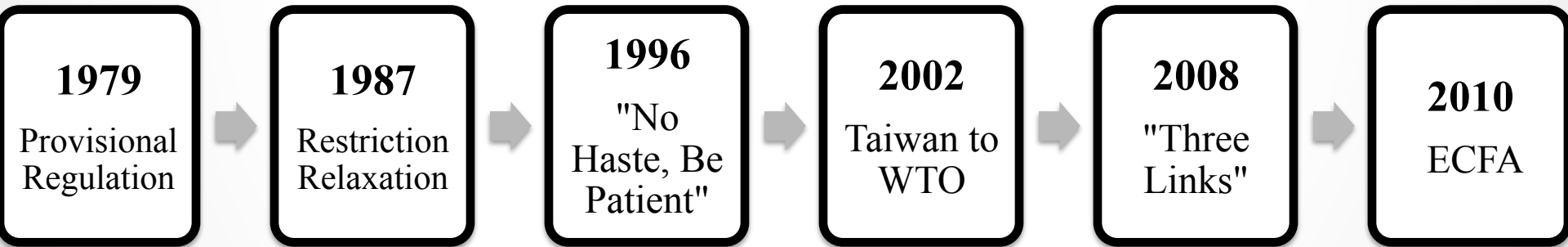


Significance: So What?



Research Design

- Longitudinal Study
- Process Tracing
- Elite Interviewing



Empirical Findings

Taiwanese Entrepreneurs

Firm Strategy

Political Economy

*Business
Networks*

Trade and Investment

Conclusions and Implications



I thought: hope cannot be said to exist, nor can it be said not to. It is just like the roads across the earth. For actually the earth had no roads to begin with, but when many men pass one way, a road is made.

• –Lu Xun, *My Old Home*

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Future Research

- Are there additional alternative factors?
 - Relative importance
 - Intervening variables
 - Reverse causality?
- ROK and DPRK case
- Peace and Conflict Studies

Reflection

