

# Understand Taiwan

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# Taiwan Today

In so many ways, Taiwan is stalled. The economy has suffered anaemic growth for years (starting wages are back to mid-'90s levels) and politically the country is acting at cross purposes: voting to strengthen ties with China but resisting any attempt to dilute local identity or autonomy. And yet, despite the contradictions, Taiwan continues to develop as Asia's most open, tolerant and liberal society. If there's a national mood these days, it might be sunny pessimism.

## Best in Film

**Cape No 7** (Wei Te-sheng; 2008)

This romantic comedy revived both interest in and funding for Taiwanese cinema.

**Seediq Bale** (Wei Te-sheng; 2011)

This two-part epic wowed audiences across the country with the tale of the Wushe Rebellion.

**City of Sadness** (Hou Hsiao-hsien; 1989) This film of the events around the 2-28 Incident finally broke the taboo against discussing the tragedy.

**Eat Drink Man Woman** (Ang Lee; 1994) A must-see for those interested in Taiwanese culture.

## Best in Print

**Formosa Betrayed** (George Kerr; 1965) A compelling account from an American diplomat of post-WWII Taiwan including the 2-28 Incident.

**Taipei People** (Pai Hsien-yung; 1971) A short story collection from one of Taiwan's best writers about mainland immigrants in Taipei in the 1950s.

**A Chinese Pioneer Family: The Lins of Wu-feng, Taiwan, 1729-1895**

(Johanna Menzel Meskill; 1979) A readable historical account of one of Taiwan's most powerful families, from the first impoverished immigrant to contemporary business and cultural leaders.

## The Mewling Tiger

Taiwan's economy once more than held its own against rival Asian Tigers South Korea, Hong Kong and Singapore. But in the last decade it has consistently posted the lowest growth, the least direct foreign investment and, more importantly, the lowest salaries. Average salaries in South Korea, for example, are now 2.8 times higher than in Taiwan.

Where did it all go wrong? The story is still being written but a few clear themes are emerging.

First of all there has been gross over-investment in China. Since the late '90s, Taiwanese firms, with their advantages in language and culture, have invested some US\$120 to US\$200 billion in China, but only a fraction of that at home.

There's also been a lack of R&D and business upgrading. Too many Taiwanese companies moved to China for the cheap manufacturing rather than as part of a sophisticated industrial restructuring. Now with wages rising in China, and firms there capable of handling production (and design), many Taiwanese companies are finding themselves outdated and unneeded.

Some one to two million Taiwanese have also relocated to China in search of better wages and opportunities and this brain drain is only worsening. China is also directly poaching skilled Taiwanese from industries it wants to develop. When Fujian province officials wanted to modernise and expand their tea growing industry, for example, they simply flew to Taiwan and offered land and loans to hundreds of farmers.

## Identity Questions

In recent polls on national identity, 95% said they considered themselves either Taiwanese exclusively or Taiwanese and Chinese (with the latter usually referring to ethnicity and not nationality). Only a tiny percentage