The Economic Determinants of Taiwanese Sentiments towards Reunification with Mainland China*

(Incomplete)

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Abstract

This paper studies the effects of economic growth on public support for autocratic regimes in the context of Taiwanese support for political and economic reunification with mainland China. We find that mainland economic growth increases support for official reunification and income amongst educated Taiwanese voters, and reduces support and income amongst less educated Taiwanese voters. These and other results imply that autocratic regimes can increase public support by improving economic opportunities, even amongst individuals who are born and raised in a high-income liberal democracy.

Keywords: Democratization, Modernization Theory

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1 Introduction

The relationship between economic growth and democratization is a central question in political economy. *Modernization theory* famously argues that economic growth promotes the development of democratic institutions and demand for civil liberties (e.g., Lipset, 1959).[1] The evolution is supposedly most salient for the educated middle class because schools instill civic values and teach skills like reading, writing and critical thinking that facilitate democracies by increasing political participation and social capital (Glaeser et al., 2007; Larreguy and Liu, 2024). This theory is motivated by the historical experiences of Western democracies. But it does not explain the recent experiences of countries such as China, Vietnam, and Saudi Arabia, where sustained income growth and the emergence of a large educated middle class have occurred without corresponding strides toward democratization. Moreover, recent cross-country panel data indicate no relationship between income growth and democracy (Acemoglu et al., 2008) and there is a growing debate of whether economic growth and actually delay democratization. For example, economic growth can increase the durability of authoritarian regimes by raising the material costs of political transition Przeworski et al. (2000). Growth can also legitimize the incumbent's rule amongst citizens of the country (e.g., Guriev and Treisman, 2019).

Building on these insights, we test the hypothesis that economic growth in autocratic regimes can increase support or tolerance for the regime because of the citizens' perceived economic benefits. The effects are likely to differ by an individual's level of education, but the direction is ambiguous *ex ante*. On the one hand, schools instill civic values, which will cause educated individuals to hold higher values for democracy. On the other hand, economic growth in modern economies usually have high premiums for education such that educated individuals increase support the autocratic regime because they have more to gain from economic growth. Thus, our paper will examine the heterogeneous effects of growth on support for the autocratic regime for individuals of different educational attainment. To the best of our knowledge, we are the first to study this question systematically with rigorous empirical analysis.

The main empirical challenge for our study is the difficulty of measuring citizen preference in autocratic regimes. The usual ways of measuring political preferences by observing voting behavior or conducting surveys are problematic because there are no free elections and survey respondents may be intimidated and reluctant to provide sincere responses. We address this difficulty by taking advantage of the unique

[1] Barro (1999) finds a positive cross-country relationships between income and democracy.

history and institutional arrangement of mainland China and Taiwan. Mainland China has been openly autocratic and rejected Western-style democracy since 1949. In contrast, Taiwan is *de facto* politically and economically autonomous from the mainland and has been a liberal democracy since the early 1990s. Information about the economy and politics of the mainland are well known in Taiwan. Whether Taiwan should reunify with the mainland, maintain the status quo autonomy, or become officially independent has long been a key issue for its electorate. Since reunification means full political and economic integration under the Beijing-run system, we can assume that support for reunification implies that an individual is willing to accept Beijing's autocratic system in place of Taipei's democratic one. Thus, we can test our hypothesis by studying the relationship between mainland Chinese economic growth and Taiwanese support for reunification.

This study uses detailed individual-level data from the *Taiwanese Social Change Survey* (TSCS), which is a nationally representative repeated cross section from 1995 to 2022. It includes information about political preferences (e.g., support for reunification), educational attainment, income, and many other variables. We estimate a heterogeneous treatment effects model by examining the interaction effect of mainland growth and individual education on an individual's political preferences. The baseline specification controls for the uninteracted education term and other individual characteristics, town fixed effects, and linear and quadratic time trends. The town fixed effects control for time invariant differences across locations such as geography; time trends control for secular changes over time such as the democratization and liberalization of Taiwan. Interpreting the estimates as the causal effect of mainland growth assumes that there are no unobserved variables that can affect political preferences and are correlated with mainland growth *and* the level of education of the Taiwanese citizens. We will present a large body of evidence to support this claim.

The first outcome we examine is support for reunification. On average, 12.2% of survey respondents support reunification, while 54% support the status quo and 23.5% support official independence.[2] We find that relatively uneducated individuals (with educational attainment of less than high school) are less supportive of reunification when mainland China economic growth increases. But for educated individuals (with educational attainment of high school or higher), mainland growth is positively associated with support for reunification.

The changes in support for reunification are statistically similar between "local" Taiwanese (*benshen-*

[2] 10.3% support an unspecified residual category "other".

gren), who have no ancestry from the mainland Kuomintang (KMT) diaspora in the 1940s and 50s, and the "migrants" (*waishengren*), who are descended from the KMT diaspora.[3] But the source of the change differs for the two groups. For migrants, increased support for reunification is mainly driven by reduced support for the status quo. For locals, it is driven by a reduction in support for independence. These results are consistent with the fact that on average, only 10.5% of migrants support independence while 25.3% of locals support independence.

The main empirical concern for the interpretation of our estimates is omitted variables. For example, mainland economic growth can be correlated with growth in Taiwan or its other major trading partners – the U.S. and Japan. In this case, our estimates would be spurious. To address this potential issue, we additionally control for the economic growth of Taiwan, the U.S. and Japan, each interacted with education. The estimates for mainland growth and its interaction with education are robust to the additional controls. Moreover, the growth of Taiwan and its other large tradition partners have different effects on reunification, which supports our interpretation that our main results reflect Taiwanese voters' sentiments about the mainland and are not spurious. We also demonstrate that results are robust to a large number of additional concerns, and alternative standard error estimations. See the paper for a detailed discussion.

To investigate whether survey responses translate into real-world political behavior, we examine voting data. The cross-strait relationship is *the* divisive issue for the two main political parties of Taiwan. The Kuomintang (KMT) has always advocated for the "One China" policy. Until recently, this meant reunification with the KMT at the head of China. As this possibility has diminished, it came to mean maintaining the status quo. In direct opposition to the KMT, the Democratic Progressive Party (DPP), a Taiwanese nationalist party, advocates for official independence. We construct a township-level panel and examine vote shares for the KMT and the DDP (in all presidential and legislative elections between 1995 and 2024) as a function of mainland economic growth and the average education of each township in 1990.[4] We find that mainland economic growth is positively (negatively) associated with vote shares for the KMT and negatively (positively) associated with vote shares for the DPP amongst counties with higher (lower) average educational attainment. The voting results are consistent with the survey results. A

[3]Over one million individuals moved from mainland China to Taiwan during and immediately after the Chinese Civil War (1945-1949). We discuss this in the Background Section.

[4]Voting data are only available at the township and election year level. Townships are the smallest administrative unit in Taiwan. There are 346 townships.

caveat for interpreting the voting results is that they cannot distinguish between support for reunification from support for the status quo, which are both part of the KMT platform. Nevertheless, they show that survey responses are consistent with real-world behavior.

To understand the mechanisms driving our main results, we consider two complementary channels. The first is economic: mainland growth can have heterogeneous economic effects on Taiwanese according to their level of education. In our study period, Taiwan (2024 per capita GDP $34,059) is on average more economically developed and technologically advanced than mainland China (2024 per capita GDP $13,306). High-skilled Taiwanese workers have benefited from cross-strait economic engagement, while the large number of unskilled mainland workers have threatened to undermine the wages of low-skilled Taiwanese workers.[5] We investigate the role of the economic channel by examining the effect of mainland growth on the income for educated and uneducated Taiwanese workers. We find that mainland economic growth is negatively associated with income for uneducated Taiwanese workers and positively associated with income for educated workers. This supports the interpretation that the differential effects of mainland growth on support for reunification for educated and uneducated Taiwanese workers is due to the differential economic returns that it offers to high and low-skilled workers.

Educated Taiwanese workers can benefit from trade with mainland growth without leaving Taiwan. But many also visit and work on the mainland to capitalize on economic opportunities. Consistent with the economic considerations driving our results for educated workers, we find that mainland growth is positively associated with the probability that educated Taiwanese have visited or lived on the mainland in recent years. The association is negative for uneducated Taiwanese, though the estimate is statistically imprecise. Also consistent with the role that economics play in driving the main results, we find that when the mainland economy grows at a higher rate, educated Taiwanese are more likely to state that economics is the primary issue for Taiwan, while uneducated Taiwanese are more likely to state that geopolitics is the primary issue for Taiwan.

The second channel for how mainland growth increases support for reunification amongst educated Taiwanese and reduces amongst less educated Taiwanese is that values and/or national identity differs across education levels. Recent work in political economy models identity as endogenous and status-seeking. In particular, Shayo (2009) and Abramson and Shayo (2022) argue that individuals derive

[5]For example, to protect the benefits of framers, Taiwan ban lots of agricultural imports from mainland China. See report from Ministry of Agriculture, Taiwan.

utility from identifying with high-status groups, even at the cost of aligning less closely with their own socioeconomic background. If national identification with a rising China confers higher perceived status, individuals may increasingly self-identify as Chinese as mainland incomes grow. In other words, mainland growth can increase support for reunification even if it has no effect on Taiwanese income.

Our findings are consistent with this framework: mainland growth increases the probability that individuals across all education levels self-identifies as "Chinese" versus as "Taiwanese". However, this mechanism cannot by itself explain the heterogeneous effects of growth on support for reunification. If identification is entirely driven by rising group status, we would expect support for reunification to increase uniformly. Instead, we observe that support for reunification rises among the educated but falls among the uneducated, suggesting that identity-based status considerations may operate in tandem with material self-interest. Put differently, economic opportunity moderates how individuals respond to status signals: educated Taiwanese may embrace a higher-status Chinese identity because they also expect to benefit materially from integration, while the uneducated may resist alignment with a rising China if they expect economic losses.

A related, though distinct, possibility is that the identity channel reflects the legacy of political indoctrination or social engineering through schooling. Historians have long emphasized that schools serve as vehicles for nation-building, instilling civic loyalty by promoting common histories, languages, and (real or imagined) shared ancestries (Hobsbawn, 1990; Bandiera et al., 2019; Bazzi et al., 2020). To investigate this channel, we exploit the changes in school curricula in the late 1980s. Before the reform, Taiwanese school curricula focused exclusively mainland Chinese culture and history and explicitly promoted "One China" ideology. Starting in the late 1980s, the curricula broadened to include discussions of both mainland and local Taiwanese history and culture. If pro-One China education drives the results, we should see stronger effects for older cohorts who were educated in the first system.[6] Instead, we find that the estimates are similar across cohorts.

This paper is the first to provide novel and rigorous to show that individuals in a stable and functional liberal democracy become more tolerant of an autocratic regime when it offers compelling economic opportunities. The precise magnitudes of the estimates are specific to the context of our study. But the insight that autocratic regimes can increase political support by providing economic opportunities to

[6]The hypothesis that change in curricula for high-school age students is supported by Cantoni et al. (2017), which finds that a high school curricula reform in mainland China had long-run effects on the political preferences of exposed cohorts.

citizens is likely generalizable to other settings.

This study contributes to several literatures in political economy. The first are studies about the relationship between economic growth and democracy, which has long been a core question in political economy. Existing studies in economics find that economic crises drive democratization because the state is forced to extend the franchise to obtain the support of the population (e.g., Acemoglu and Robinson, 2000), and growth is on average higher in democracies (e.g., Acemoglu et al., 2019; Papaioannou and Siourounis, 2008). In contrast, Alsan et al. (2023) shows that disadvantaged citizens are less willing to sacrifice their civil liberties for health security during the COVID-19 pandemic. Recent studies such as Besley and Persson (2019) and Persson and Tabellini (2009) have also provided theoretical treatments of the long-run dynamic relationship between democracy and growth.

The second are studies about non-democratic states, which has been mostly theoretical or based on case studies with limited data (e.g., Egorov and Sonin, 2024; Guriev and Treisman, 2019). We provide empirical evidence for the hypothesis that economic growth bolsters support for autocracies. In studying China, we complement Beraja et al. (2023a) and Beraja et al. (2023b), which provides evidence that the state uses surveillance to bolster its political power. Our findings show that the attraction of economic opportunities also contributed to Beijing's power. In this sense, we are related to studies about soft power, the notion that governments can shape political preferences through appeal and attraction (rather than coercion and threats). Recent studies provide evidence on soft power in the context of Hollywood movies being shown in contemporary China (Fan et al., 2022) and in post-WWII Italy (Cannella and Magnaricotte, 2025), and the diffusion of democratic norms with trade flows (Tabellini and Magistretti, 2024).[7]

Finally, our findings add to a new but rapidly growing body of work on geo-economics, which studies how states use their financial and commercial relationships to achieve geopolitical goals. Recent theoretical frameworks emphasize that hegemonic powers can wield economic strength—e.g., through trade, investment, and technology flows—to alter foreign political behavior and shape global equilibria in their favor (Clayton et al., 2023). We complement this literature by showing that growth-induced economic interdependence can influence democratic political preferences from the bottom up, not just through elite bargaining or institutional power projection.

[7]There are many qualitative studies about soft power in political science. See, for example, (Nye, 2004) and the references within.

This paper is organized as follows. Section 2 discusses the background. Section 4 describes the data. Section 5 presents the empirical results. Section 6 offers concluding remarks.

2 Background

2.1 Taiwanese Politics and Economics

After the KMT lost a bitterly fought Civil War against the Chinese Communist Party (CCP), 1945-1949, it was exiled to Taiwan. From there, the Republic of China (ROC), was internationally recognized as the legitimate Chinese government for most of the Cold War. The KMT imposed martial law and repressed all political opposition until 1987.

Both international and domestic politics began to change in the 1970s. On the international front, in 1971, the United Nations recognized mainland China, the People's Republic of China (PRC), as the official China. Today, there is officially "One China" with two autonomous political and economic entities on the two sides of the strait. The governments on both sides of the strait advocate for "One China" with their own party in charge. Other countries, such as the United States, support this nuanced arrangement with a policy of "strategic ambiguity".

Domestically, Taiwan underwent a major political change after the death of its founding dictator, the Generalissimo Chang Kai Chek. His son and political successor, Chiang Ching-kuo, allowed Taiwan to gradually liberalize and appointed Taiwan-born Lee Teng-hui as the next president of Taiwan. Lee held Taiwan's first democratic and direct election for the unicameral legislature, the Legislative Yuan, in 1992. In 1996, Taiwan held its first democratic presidential election and Lee Teng-hui was re-elected to office. Taiwan elected its first (non-KMT) DPP president, Chen Shui-bian, to office in 2000.

The school curricula of Taiwan liberalized in the late 1980s. In 1949, the KMT banned local dialects and the teaching of local histories at school and forced all children to learn Mandarin and study a common Chinese history focused on the mainland. Starting in the late 1980s, the curricula liberalized to allow more prominence to Taiwanese local culture and history, though Mandarin is still the national language for education and official business. The curricula was gradually and intentionally adapted to emphasize democracy and civil values.[8].

The main political issue for Taiwan is the cross-strait relationship. Part of the concern is political.

[8]For detailed discussions of these curricula changes, see for example, Chen et al. (2023) and Hong and Lyu (2025).

Mainland China is an autocracy while Taiwan is a liberal democracy. Another part of the concern is economic. Mainland China is the largest trade partner of Taiwan for decades. Reunification implies both political and economic integration.

Throughout our study period, Taiwan has been wealthier and more technologically advanced than mainland China. In 1990, Taiwan's per capita GDP was approximately $8,170. In 2000 and 2020, it was around $14,840 and $28,734. In 1990, mainland China's per capita income was approximately $347.50. In 2000 and 2020, it was approximately $962.8 and $10,695. All these values are reported in current USD.

Mainland Chinese income, which started at a much lower level than Taiwanese income, grew at much higher rates. During this time, Taiwan was an important source of high-skilled talent. Taiwanese expertise and investments were important for the development of many sectors in the mainland, such as manufacturing, services (e.g., restaurants, hotels) and more recently, high-tech. China also became an important market for Taiwanese products and services and a source of raw materials for Taiwan. Today, the mainland (which includes Hong Kong after 1997) is Taiwan's largest trading partner for imports and exports.

The conventional wisdom is that economic opportunities that came from mainland growth disproportionally benefitted Taiwanese who were highly educated, skilled or had financial means. These were the individuals who were able to take advantage of the mainland's needs for talent and investment. Taiwanese with less education and fewer resources were, if anything, threatened by the mainland's economic development. The large number of workers who moved out of rural areas and farms into low-skilled factories or services in urban areas as the mainland grew meant that the number of workers who could compete with low-skilled Taiwanese workers were increasing.

That this concern has been salient can be seen in the many discussions and policies in Taiwan. For example, Taiwan restricts the import of agricultural products from the mainland to protect Taiwan's higher-cost agricultural sector. Similarly, migration from the mainland to Taiwan is limited. This is explicitly motivated by the concern that a large influx of unskilled workers from the mainland would reduce wages for unskilled Taiwanese.

It is generally very difficult to become a citizen of the ROC. Usually, the only pathway is via marriages with a Taiwanese citizen and waiting for six years or more, and there are very few political asylum cases.[9]

[9] According to National Immigration Agency in Taiwan, 252,235 mainland Chinese immigrated to Taiwan through marriage during 1987-2023. Less than half of them attain citizenship in Taiwan.

Strict migration controls means that the Taiwanese electorate is not directly influenced by the new voters who immigrate from the mainland (or anywhere else).

2.2 Taiwanese Awareness of Mainland Growth and Politics

The economics conditions and political system of mainland China are widely known in Taiwan. The geographic, cultural and linguistic proximity between Taiwan and the mainland means that there are few barriers to information in our study period. Taiwan has 23.4 million residents. As shown in Figure 1, the island is only 126 km away from the mainland and the shores are often visible across the strait. All those living in Taiwan and the mainland today are native speakers of Mandarin Chinese (the official dialect), which has been the only language taught in schools since 1945 on both sides of the strait.[10]

Mainland economic growth is a popular topic in Taiwanese media outlets. Major outlets usually report Chinese quarterly growth rates the same day or one day after they are released in Beijing, which is usually followed by extensive discussions and analyses by pundits and economists. Taiwanese can also access some radio broadcasts, and in more recent years, internet and social media, directly from the mainland.

That mainland China has an autocratic political system is also broadly understood in Taiwan (as it is in the rest of the world). The CCP, which governs the mainland from Beijing, has always been open about its autocratic system and its rejection of Western notions of democratization. Similarly, Beijing has always been clear that reunification means that Taiwan will come under the control of the CCP. Thus, our study assumes that being aware of this, when Taiwanese support reunification, they understand that it means living in an autocratic regime instead of a democratic one.

3 Conceptual Framework

3.1 Taiwanese Sentiments on Reunification

This section provides a verbal discussion of how mainland growth affects Taiwanese sentiments on reunification, which implies full economic and political integration, and why it can differ for educated and uneducated Taiwanese.

[10]The writing system differs slightly. Taiwan (and Hong Kong) uses traditional characters and teaches phonetics with the Wage-Giles system. Mainland China uses simplified characters and teaches phones with the pinyin system. Traditional and simplified characters are mostly mutually understandable.

First, we consider the economic channels. Reunification would eliminate restrictions on the migration of labor and capital, expand access to Chinese consumer and labor markets. The integration of Taiwan with the large, lower-wage mainland economy will increase relative demand for Taiwanese high-skilled labor, as comparative advantage shifts toward skill-intensive exports (Dornbusch et al., 1977; Eaton and Kortum, 2002). This channel is particularly relevant for Taiwan, where educated workers are concentrated in export-oriented sectors that already rely heavily on cross-strait supply chains. Removing capital controls would also make it easier for Taiwanese to invest their capital in the mainland. In short, lowering institutional and regulatory barriers to migration would allow Taiwanese professionals to access high-paying labor markets in the mainland's largest cities. It would allow Taiwanese firms to access lower-cost mainland supply chains. Mainland migrants to Taiwan would significantly reduce the cost of low-skilled services in Taiwan.

In contrast, integration can hurt businesses and workers in sectors that are relatively less productive than their mainland counterparts (e.g., low skilled labor and labor-intensive sectors). When the mainland was one of the poorest nations in the world, even workers who were relatively unskilled in Taiwan had skills that most mainland workers did not. However, as the mainland developed and production in sectors such as manufacturing and agriculture started using similar production technologies as Taiwan, low skilled mainland workers became more similar to low-skilled Taiwanese workers. Thus, economic integration would increase labor market competition and reduce wages for low-skilled Taiwanese workers. Given that the mainland started at such a low level of development relative to Taiwan, mainland growth increases this competition.

Second, we consider non-economic channels. Being part of a larger and rapidly growing economy may increase economic and geopolitical prestige, which can be valuable to some Taiwanese. In models of identity formation such as Shayo (2009), individuals choose to identify with groups that offer higher perceived status. As mainland China grows, its global standing and domestic economic strength increase, potentially making Chinese national identity more attractive to Taiwanese citizens. In this framework, identification with China is not fixed, but endogenously responds to changes in the relative prestige of the group.

The main non-economic cost of reunification for the Taiwanese is the loss of having a say in policies. Part of the loss is a result of the relative sizes of Taiwan and the mainland. The Taiwanese population is a small fraction of the mainland population and would have relative little say in policy even if the

mainland is a democracy. The fact that the mainland is not democratic makes the loss of influence in policy much more severe. Moreover, the Taiwanese will have to accept mainland restrictions such as the limited freedoms of media and religion, and other civil liberties that the Taiwanese have been accustomed to since the 1980s and 90s. The perceived loss of political influence can increase with mainland growth if a richer mainland government is more autocratic.[11] It is unclear whether either the positive prestige effect or the negative political effect varies by education.

Ultimately, the level of an individual's support for reunification is determined by the net economic, social, and political value of reunification. Whether the positive effects of mainland growth on support for reunification outweigh the negative ones is ex ante ambiguous for all Taiwanese citizens. However, because mainland growth generates higher returns for educated Taiwanese, growth should generate relatively more support for reunification amongst the educated. The empirical analysis in the next section will estimate the net effect of mainland growth in support for reunification with the mainland for educated and uneducated Taiwanese.

3.2 Heterogeneous Treatment Effects

The empirical analysis investigates how mainland economic growth affects Taiwanese support for reunification with the mainland, and whether this differs for individuals with various education attainment that have different economic benefits from the mainland. The parsimonious baseline equation can be written as the following.

$$y_{ijt} = \alpha + \beta growth_t \times edu_i + \gamma growth_t + \phi edu_i + X_i + \delta_j + \theta_t + \varepsilon_{ijt}, \tag{1}$$

where outcome y of individual i living in township j in year t is a function of: the interaction of mainland GDP growth rate per capita, $growth_t$, and the years of education attainment of i , edu_i; the uninteracted mainland per capita growth rate, individual controls, X_i, township fixed effects, δ_j and linear and quadratic time trends, θ_t. The individual controls, X_i, includes age, age squared, sex, and marital status. We cluster standard errors at the township level – the smallest administrative unit in Taiwan.[12] We will later show that the results are robust to alternative methods of estimating the errors.

[11] For example, economic growth can increase government revenues and allow the state to centralize and invest in more direct control (Martinez-Bravo et al., 2022) or state surveillance (Beraja et al., 2023a).

[12] There are 346 townships in total.

We are interested in β and γ. β captures the relationship between mainland growth and support for reunification or other outcomes for an uneducated individual. γ captures the differential effect for an individual with one additional year of educational attainment.

We control for a time trend and its quadratic in place of year fixed effects to account for macro changes over time (e.g., political liberalization in Taiwan) because we are interested in the uninteracted effect of mainland economic growth, γ,and $growth_t$ is collinear with the fixed effects. Later, we will show that the interaction effects are robust to controlling for year fixed effects instead of the time trends. The township fixed effects control for time invariant differences across locations, such as urbanization and other geographic or slow-changing demographic and economic characteristics. The individual controls account for the fact that educational attainment is correlated with other characteristics that can influence political sentiment towards reunification. Later in the robust section, we will show that the results are robust to controlling for the interaction of these variables with mainland growth.

The main concern for causal interpretation is omitted variable bias. Specifically, there might be omitted variables that vary with mainland growth and individual levels of education, beyond the baseline controls, that influence sentiment towards reunification. We discuss this further and provide evidence to ameliorate this concern after we present the main results.

4 Data

4.1 Taiwanese Social Change Survey

The main source of data is the *Taiwanese Social Change Survey* (TSCS) for the years 1995 to 2022. The surveys are jointly collected by Academia Sinica and the Institute of Sociology and the Center for Survey Research in Taiwan. They are nationally representative in-person interviews conducted every year on a repeated cross-section of individuals. Each wave samples around 0.1‰ of the population. Within this, a random subsample was surveyed about support for reunification. Our analysis focuses on these individuals. Thus, our baseline sample includes 22,107 individuals surveyed in year 1995, 1998, 2000, 2003-5, 2010, 2012-14, 2016, 2020; in the 220 townships.[13] Figure 6 is a map of our sample. The grey lines show the township boundaries and the black lines show the county boundaries. The townships in our

[13]There are 346 townships in Taiwan in total. The townships we do not observe are mostly sparsely populated and in the mountains.

sample are shaded in navy blue. All individual-level regressions and descriptive statistics are estimated using survey weights.

The TSCS includes information about individual attitudes towards reunification with the mainland, level of education, income, and other useful information such as ancestry and whether one has visited or worked on the mainland. We will describe these variables and those from other data sources when they become relevant.

4.2 Election Data

We complement the TSCS data with township-level information on all presidential and legislative elections in Taiwan, provided by the Central Election Commission. This dataset includes voting outcomes and turnout for each election at the township level. It covers all eight direct presidential elections (held every four years from 1996 to 2024) and the nine direct elections for the Legislative Yuan—Taiwan's unicameral legislature—held from 1995 to 2024. Until 2004, presidential and legislative elections were staggered; since then, they have been held in the same years.[14] Even though individuals can only vote in person on the election day in Taiwan, the average turnout rate is over 70%, higher than the turnout rate of U.S. presidential elections. Hence, we believe the election data from Taiwan represent the political preference of the mass population.

Because voting data are available at the township-by-year level, in the empirical analysis we match them with average years of education in 1990 at the township level. Figure 6 shows the geographic distribution of average educational attainment across townships.

4.3 Descriptive Statistics

We examine the relationship between the years of education and a range of demographic characteristics and political outcomes. We present results in Table 1, where each row reports the mean and standard deviation of a variable, as well as the coefficient and standard errors for the coefficient of this variable

[14] As noted above, there are 346 townships in our sample, which are administrative subdivisions of 21 "counties." In 1990, Taiwan comprised 23 first-level administrative divisions. We exclude two counties—Kinmen and Lienchiang—for three main reasons: (1) they are extremely close to mainland China (the shortest distance is just 2 km); (2) unlike other counties, they were not colonized by Japan; and (3) the TSCS and TEDS surveys do not cover them. The remaining units include two special municipalities (Taipei and Kaohsiung), fourteen counties (Taipei, Taoyuan, Kaohsiung, Hsinchu, Miaoli, Changhua, Nantou, Yunlin, Chiayi, Pingtung, Yilan, Hualien, Taitung, and Penghu), and five provincial cities (Taichung, Tainan, Keelung, Hsinchu, and Chiayi).

from a regression where the outcome variable is the years of education and controls for town fixed effects. Average educational attainment in our sample is 11.09.

Men, younger cohorts, higher-income individuals, urban residents, and those with migrant ancestry tend to have higher levels of education.[15] In contrast, individuals who are or have been married have lower educational attainment, consistent with the fact that older cohorts—who are more likely to be married—received less schooling on average. Taiwan implemented compulsory education in 1968, which increased schooling levels for younger generations. Migrants have higher educational attainment for historical reasons: many arrived with elite status during the KMT retreat from the mainland and benefited from privileged access to educational and financial resources during the Martial Law period (1949–1987).

These correlations suggest that educational attainment is systematically associated with individual characteristics and political preferences that may influence attitudes toward China. Education is not randomly assigned, and is shaped by historical and policy-driven variation. To account for this, our baseline specification controls for demographic covariates (age, age squared, sex, marital status), town fixed effects, and time trends. We control for the other correlates in the robustness exercises. We will also present sub-sample estimates by migrant status and birth cohort.

The TSCS asks whether the respondent has visited the mainland or has a family member who has stayed there. 28% of respondents report such personal or familial exposure. More educated Taiwanese are more likely to have lived, worked or visited the mainland. For example, high school graduates are 25% more likely to have done so than those who did not complete high school (not presented in tables). These descriptive statistics are consistent with high level of personal interaction across the strait and the conventional wisdom that educated Taiwanese have engaged more with the mainland.

4.4 Mainland Growth

Our study takes place during a period of sustained high economic growth in mainland China. Over the thirty-year period of rapid growth, mainland GDP per capita increased from roughly 5% of Taiwan's level in 1995 to approximately 40% by 2023. Figure 3 shows that annual per capita GDP growth in the mainland averaged approximately 9%, with substantial year-to-year variation ranging from 5% to 18%

[15]The TCSC reports ancestry – whether an individual has a parent with ancestry from the KMT disapora (*waishengren).* We code anyone who has one or more parent who is a "migrant", and all others as "locals". For young respondents, this means that migrants include those with at least one grandparent from the mainland. For middle age respondents, this includes those with at least one parent from the mainland. There are a few older respondents who came from the mainland as children. For younger respondents, it is possible to measure ancestry with error if their parents have mixed ancestry.

prior to the COVID-19 pandemic. Economic growth rates in Taiwan are approximately 3% on average. They are positive for most years. It is important to note that growth in mainland China is not perfectly correlated with growth in Taiwan. This mitigates concerns that our results are confounded by concurrent economic performance in Taiwan. After we present the baseline estimates, we will present estimates controlling for Taiwan growth rates, as well as the growth rates of Taiwan's other major trading partners.

5 Empirical Results

5.1 Baseline Estimates

We begin by estimating how mainland Chinese economic growth affects Taiwanese attitudes toward reunification, the status quo, and independence. Table 2 reports results from individual-level regressions using the TSCS. Panel A presents estimates of the interaction between mainland GDP growth and individual education, as well as the uninteracted effect of growth.

Column (1) shows that among individuals with lower educational attainment, faster growth in mainland China is associated with a decline in support for reunification. The negative effect is attenuated—and ultimately reversed—for more educated individuals, who become more supportive of reunification when the mainland grows faster. Columns (2) and (3) indicate that this pattern is largely driven by "local" Taiwanese respondents, with weaker and more imprecise effects among migrants.

Columns (4)–(6) use support for maintaining the status quo as the dependent variable. The coefficients on the interaction term are again positive, and those on the uninteracted growth term are negative, mirroring the pattern observed for reunification. However, most estimates are statistically insignificant, with the exception of column (6), where the interaction term is positive and statistically significant for migrants.

Columns (7)–(9) turn to support for (formal) independence. The coefficients reveal that faster mainland growth reduces support for independence among more educated individuals, while increasing it among the less educated. This pattern is statistically significant for locals (column 8), but not for migrants (column 9). These results complement the findings for reunification and suggest that mainland growth induces a divergence in views across education levels—educated individuals become more favorable to integration, while the uneducated shift away from it. The results are consistent with group-level ideological baselines—locals begin from a higher preference for independence, and migrants from a more

pro-China orientation—but the education-by-growth gradient is remarkably similar across groups; each group shifts support for reunification in response to growth, but from a different starting point.

Columns (10)–(12) examine non-responses (i.e., those selecting "other" or providing no answer), and suggest that less educated individuals are more likely to abstain from expressing a position when mainland growth is high, while more educated individuals are more likely to provide a definitive response.

To assess magnitudes, note that average support for reunification and independence is, respectively, 12.2% and 23.5%. The coefficient estimates imply that an increase in the mainland growth rate from 5% to 10% is associated with a 4.24 percentage point (p.p.) decrease in support for reunification among uneducated respondents (a 34.75% decline relative to the mean), and a 2.21 p.p. increase in support for independence (a 9.40% increase). In contrast, among individuals with a master's degree (18 years of education), the same increase in growth is associated with a 1.79 p.p. increase in support for reunification (14.67% of the mean) and a 4.10 p.p. decrease in support for independence (17.45% of the mean). Given that the interquartile range of education in our sample is 7 years, and assuming a current growth rate of 5%, our estimates imply that individuals at the 75th percentile of education are 19% more likely to support reunification and 10% less likely to support independence than those at the 25th percentile.

If we interpret the coefficients in Panel A, column (1), literally, they imply that individuals with less than 13 years of schooling will reduce support for reunification when mainland growth is positive ($0.848/0.067 = 12.67$), while individuals with 13 or more year of schooling will increase support for reunification when mainland growth is positive. In our sample, 60% have graduated from high school.

Panel B replicates the analysis using education terciles, and shows that results are qualitatively similar to those in Panel A. However, the estimates are less precise, likely reflecting the loss of information from discretizing a continuous variable.

5.2 Robustness

5.2.1 Growth Rates of Other Countries

One concern is that growth rates are correlated across countries and our findings are confounded by the growth of Taiwan's other important trading partners. Mainland China is the biggest trading partner of Taiwan (30% of Taiwan's international trade). The other top trading partners of Taiwan are the U.S. (13%) and Japan (10%) in the analysis. Table 3 presents results where we add controls for the growth

rates of Taiwan, the U.S. and Japan, and their interactions with education. We find that the main effects of mainland growth and its interaction with education are similar to the baseline. Thus, our results are not confounded by other growth rates. Moreover, we find that Taiwanese and U.S. growth do not increase support for reunification with the mainland from any group. This is reassuring as a sanity check of our results. The estimated effects of growth in Taiwan and its interaction with education are statistically zero. The estimate for uninteracted U.S. growth is statistically significant at the 1% level, but has the opposite sign as mainland growth. The estimate for its interaction with education is small in magnitude and statistically zero.

The estimated coefficients for Japanese growth and its interaction with education are both positive and statistically significant. The fact that Japanese economic growth increases support for reunification with the mainland for both educated and uneducated Taiwanese is possibly due the complicated history between Japan, China and Taiwan. Japan colonized Taiwan in the early 20th Century, and then invaded China (1937-1945) during World War II, when the KMT was China's wartime government. The fact that 15-20 million Chinese perished in the eight years of war against Japan is emphasized in schools and many aspects of society (e.g., movies, books) in both the mainland and Taiwan.

5.2.2 Additional Controls

We conduct a wide range of sensitivity checks to address alternative explanations and potential biases. Table 6 reports results for support for reunification. First, we control for year fixed effects in column (2), which absorbed the year and year squared in the baseline specification, and all the time variant factors. Then, we augment the baseline specification interacting mainland growth with individual variables in columns (3)-(5).

Next, we control for growth interacts with urban area dummy variable in column (6). This address the concern that the heterogeneous development across township is correlated with support reunification and education attainment. We also account for geographic heterogeneity by controlling for the interaction of mainland growth with township distance to the mainland in column (7). The distance to the mainland addresses the concern that military threat from mainland China correlates with education as more educated people live in the west of Taiwan, which is closer to the mainland.

In the columns (8)-(10), we include some "bad controls" that may influence the mainland growth and individuals attitudes towards reunification. DPP has a pro-Independence and anti-One China agenda.

During its incumbency, DPP not only promotes curriculum reforms in removing context about China, but it also compete or go against the mainland in policies and diplomacy. We control for DPP incumbency interacts with education attainment in column (4). As the mainland becomes wealthier, it becomes more challenging for the mainland to maintain a high growth rate, due to the diminution of the catch-up effect. In columns (5) and (6) we control for log mainland GDP and log mainland GDP per capita interact with education attainment.

Columns (11) and (12) use alternative inference strategies. The results so far present standard errors that are clustered at the township level. We can alternative standard errors at the county level using wild bootstraps (Cameron et al., 2008) and estimate Conley (1999) spatial standard errors with a 25 km cutoff. The results remain robust, suggesting that spatial correlation or clustering choice does not drive our findings.

For brevity, we focus on support for reunification as the outcome variable. Appendix Table A.1 presents the same robustness checks for support for the status quo, independence and "others".

5.3 Voting Outcomes

A natural question when interpreting the survey results is whether stated preferences correspond to real-world political behavior. To address this, we turn to township-level voting outcomes from all presidential and legislative elections held between 1995 and 2024. There have been nine legislative elections (1995, 1998, 2001, 2004, 2008, 2012, 2016, 2020, and 2024) and eight presidential elections (1996, 2000, 2004, 2008, 2012, 2016, 2020, and 2024). The two elections were held in alternating years until 2004 and have been held concurrently since. These data, provided by the Central Election Commission, include vote shares and turnout for each election at the township level.

Taiwan has consistently high electoral participation. Turnout averages approximately 75% for presidential elections and 68% for legislative elections. Voting eligibility requires ROC citizenship, a minimum age of 20, and residency of at least six consecutive months (four months for legislative elections).

The major political parties differ in both their cross-strait positions and economic platforms. The KMT favors closer ties with mainland China and is generally more supportive of business interests and liberalization. For instance, under President Ma Ying-jeou (2008–2016), the KMT promoted direct flights, expanded tourism, and encouraged bilateral investment and trade. In contrast, the DPP emphasizes labor protections, economic self-reliance, and reduced integration with the mainland. President Chen Shui-

bian's "No Haste, Be Patient" policy, introduced in his first term, imposed caps on mainland investment and discouraged deepening cross-strait ties. Consistent with these positions, support for the KMT is typically interpreted as support for maintaining the status quo or gradual integration, while support for the DPP reflects a preference for official independence.[16]

We estimate an equation similar to the baseline, equation (1), using voting outcomes as the dependent variable at the township-by-election-year level. Education, measured in 1990, is used to capture heterogeneity in the local response to mainland growth. All other control variables are also measured in 1990 and are interacted with growth in mainland China to absorb potential confounding trends.

Table 5 presents the regression estimates, which closely parallel the survey-based results. The estimates are more precise for presidential elections than for legislative elections, consistent with the idea that presidential races place greater emphasis on foreign policy. Columns (1)–(3) show that the interaction between education and mainland growth is positively associated with KMT vote share, mirroring the baseline findings on support for reunification. Similarly, columns (4)–(6) show a negative association with DPP vote share, consistent with the survey-based estimates of support for independence. These patterns are robust to alternative measures of education, including average years of schooling and the high school completion rate. Columns (7)–(9) show no consistent effect on the vote shares of other parties, suggesting that mainland growth primarily reallocates support between the KMT and the DPP.

To interpret the estimates, note that the average vote share for the KMT and DPP is 41.9% and 42.6%, respectively. The interquartile range of average township-level education is 1.27 years. At a mainland growth rate of 5%, our estimates imply that the KMT vote share in a township at the 75th percentile of education is approximately 2 percentage points higher than in a township at the 25th percentile ((0.128x0.05x1.27)/0.419 = 0.02). Because township-level variation in education is smaller than at the individual level, the implied magnitudes in Table 5 is correspondingly smaller than in Table 2.

5.4 Mechanisms

5.4.1 Economic Effects of Education

The baseline results show that economic growth in autocratic regimes increases support or tolerance for the regime. One explanation for this result is that the economic returns to mainland economic growth

[16] Appendix Table A.2 documents the correlation between average town and yearlevel measures of the survey responses and vote shares.

may be different for educated and uneducated Taiwanese. To investigate this economic channel, we examine the relationship between mainland Chinese growth and Taiwanese income. Table 6 re-estimates the baseline specification using log(1 + real individual income) as the dependent variable. Columns (1)–(3) report results separately for the full sample, locals, and migrants. The estimates are consistent with those in Panel A of Table 2: the interaction between mainland growth and education is positive, while the uninteracted effect of mainland growth is negative across all subsamples. This pattern implies that economic growth in the mainland increases income for more educated individuals, but reduces income for the less educated. The results are consistent with conventional wisdom that educated and skilled Taiwanese have been able to capitalize on mainland growth, while relatively uneducated and low-skilled Taiwanese have been made worse off by increased competition from low-skilled mainland labor.

Columns (4)–(6) include interactions between educational attainment and Taiwan's own growth rate, along with the uninteracted Taiwan growth term. The interaction with mainland growth is similar to columns (1)-(3). This shows that the estimated relationship between mainland growth and income in Taiwan are not confounded by Taiwanese economic growth. This is consistent with Figure 3, which showed that growth in the mainland and Taiwan are not perfectly correlated.

We also find that the returns to Taiwanese economic growth are different from the returns to mainland growth. Unlike mainland growth, we find that for all Taiwanese and locals (columns 4 and 5), income rises for both educated and uneducated individuals when Taiwan grows faster, though the gains are larger for the educated. For migrants (column 6), who are a minority in Taiwan, the uninteracted Taiwanese growth estimate is negative, but statistically zero.

The results imply that domestic growth raises income broadly, while growth in the mainland produces more unequal effects that disproportionately benefit higher-skilled individuals. That the mainland growth increases the incomes of educated Taiwanese and lowers the incomes of uneducated Taiwanese provides positive evidence for the economic mechanism.

For educated Taiwanese to exploit the economic advantages of mainland economic growth, they would need to understand the details of the mainland economy and its institutional details. To investigate this, we examine whether a Taiwanese person has any personal knowledge of the mainland as the outcome variable. According to Ministry of the Interior of Taiwan, over 2.5 million (10.6% of Taiwan population) Taiwanese visited the mainland in 2024. Based on the 2020 China Population Census, there were 157,886 (0.67% of Taiwan population) Taiwanese living in the mainland.

For this analysis, we use a second data source: the Taiwan Election and Democratization Study (TEDS). Like the TSCS, TEDS is a nationally representative survey, conducted annually from 2001 to 2020, but unlike the TSCS, it includes detailed questions on personal and familial engagement with mainland China.[17] TEDS asks "how many trips an individual has made to the mainland (excluding Hong Kong and Macau) in the past five years" and whether "an individual or a family member has made investments, conducted business or held employment in mainland China".

We construct a binary outcome variable equal to one if the respondent reports having made at least one trip or answers "yes" to the second question. We estimate a regression specification similar to the baseline, using the three-year moving average of mainland growth as our measure of economic conditions. This smooths out short-term volatility and better captures the sustained economic trends likely to influence individual decisions to travel, work, or invest abroad.

Columns (1)–(3) of Table 6 show that more educated individuals are more likely to have visited or lived in the mainland when mainland growth is higher. This finding is consistent with the economic mechanism discussed above: as the mainland economy expands, high-skilled Taiwanese face stronger incentives to seek out professional opportunities, forge business ties, or explore investment options across the strait—channels that are less accessible or attractive to the less educated.

TEDS also solicits information on what respondents view as the primary challenge for Taiwan. It is an open ended question, where the surveyors write in the respondents' answers. We code the answer as "economic" if it included the following words: "Economy", "Finance", "Investment", "Industry", and "Entrepreneur". We code the issues as "geopolitical" if the answer included any of the following words: "Chinese Communist Party", "Mainland", "Cross-Strait", "Reunification", "Independence", "Military Defense", "Sovereignty" and "United Nation". Columns (4)-(6) of Table 6 show that educated individuals are more likely to cite the economy as Taiwan's primary issue when the mainland has high economic growth, while less educated voters are more focused on geopolitical concerns such as sovereignty or cross-strait conflict during these times. This suggests that the economic framing of reunification is more salient among the educated, consistent with a material-based re-evaluation of regime preferences.

[17] Each wave samples 0.05-0.1‰ of the population. TEDS was initiated by National Chengchi University and supported by National Science and Techology Council, Taiwan. Unlike the TSCS, which conducts on-site interviews for all respondents, around half of the interviews in TEDS are conducted through phone or internet.

5.4.2 Political and Social Effects

A second, complementary channel to the income-based mechanism is that mainland growth may influence attitudes toward reunification through social and political forces, including shifts in national identity and political values. One version of this mechanism is an identity-based status channel, as discussed in the conceptual framework. In models such as Shayo (2009), individuals derive utility from identifying with high-status groups. If a growing China is seen as economically and geopolitically ascendant, then individuals may be more likely to identify as Chinese when the mainland grows. This shift in identity, in turn, may make reunification more psychologically acceptable or even desirable.

Consistent with the identity framework, Table 9 shows that mainland growth increases the likelihood that Taiwanese respondents identify as "Exclusively Chinese" or "Chinese and Taiwanese," and reduces the likelihood that they identify as "Exclusively Taiwanese."[18] This shift holds across all education groups. However, this pattern does not explain the divergent responses to growth observed in support for reunification. In particular, less educated individuals—who become more likely to identify as Chinese when the mainland grows—also become less supportive of reunification. The lack of heterogeneity by education suggests that identity shifts alone cannot explain the main pattern of results. That is, status-driven identification with China increases with growth, but this does not translate into greater support for reunification among the less educated, who may still perceive reunification as economically or politically costly.

We next examine whether the results can be explained by political indoctrination through education, in particular through early-life exposure to mainland-centered curricula. During the early decades of KMT rule, school curricula explicitly promoted a Chinese national identity and the importance of unification with the mainland. Following democratization, beginning in the late 1980s, the curricula were reformed to include local and regional history, de-emphasize unification, and promote democratic values. If ideological schooling shapes how individuals respond to mainland growth, we would expect the effects of growth on support for reunification to be stronger among older cohorts educated under the earlier system, and weaker among younger cohorts educated after the reforms.

To test this, we estimate a triple interaction of mainland growth, education, and an indicator for being born after 1980—i.e., after the curriculum reforms began. Table 8 reports the results. The triple

[18] Few individuals identify as exclusively Chinese (Appendix Figure A.1 plots the shares of individuals identifying as each group over time).

interaction term is statistically indistinguishable from zero across specifications, except in column (12), which reflects nonresponse or undecided attitudes among migrants. To further explore cohort variation, we replace the post-1980 indicator with birth cohort dummies. Figure 6 plots the resulting coefficients and 95% confidence intervals. Appendix Table A.3 shows the full set of estimates. Across specifications, we find no meaningful differences in how different cohorts respond to mainland growth.

Taken together, these results suggest that curricular indoctrination does not account for the education-based heterogeneity in responses to mainland growth. While schooling may shape baseline national identity, it does not appear to determine how individuals react to changing geopolitical and economic conditions. Instead, the evidence supports the view that identity-based and ideological mechanisms may reinforce baseline attitudes but do not drive the divergence in political preferences in response to growth. Our main results are best explained by differences in expected material returns to integration, rather than differences in early-life political messaging or identity alignment alone.

6 Conclusion

This paper shows that economic growth in mainland China increases support for reunification among educated Taiwanese and reduces it among the less educated. We provide evidence that this divergence is partly explained by differences in expected economic returns to integration: educated individuals stand to benefit more from access to mainland markets and professional opportunities, while less educated individuals may perceive economic or political losses. Because reunification implies full political and economic integration, our findings suggest that individuals who have lived their entire adult lives in a wealthy and stable liberal democracy may nonetheless be willing to support incorporation into an autocratic regime when the economic incentives are strong enough. These results underscore the central role of material concerns in shaping political preferences and help explain why the economic rise of countries such as China and Vietnam has not produced the wave of democratization anticipated by many observers.

While our analysis leverages short-run variation in economic growth, the long-run political consequences may differ. Enduring changes in political institutions depend not only on how citizens respond to economic conditions, but also on how political regimes affect future growth trajectories. For example, Acemoglu et al. (2019) shows that democracies tend to generate higher long-run growth, suggesting that

economic incentives may eventually shift in favor of democratic institutions. Relatedly, Przeworski et al. (2000) argues that autocratic regimes are more likely to survive when they deliver sustained economic growth. Our results provide micro-level support for this hypothesis: when growth is high, individuals—even in democracies—may become more tolerant of autocracy. Understanding how these short-run political responses evolve over time, particularly when growth slows or reverses, remains an important question for future research.

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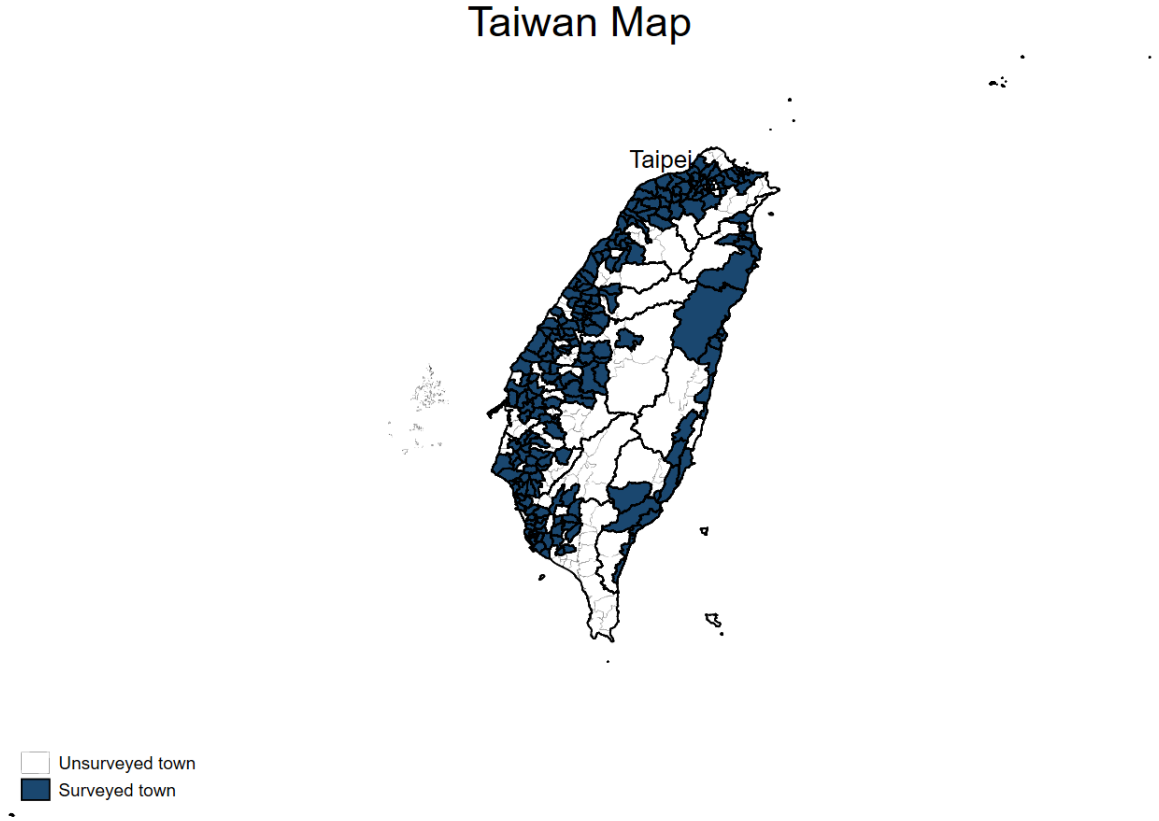
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Figure 1: The Location of Taiwan



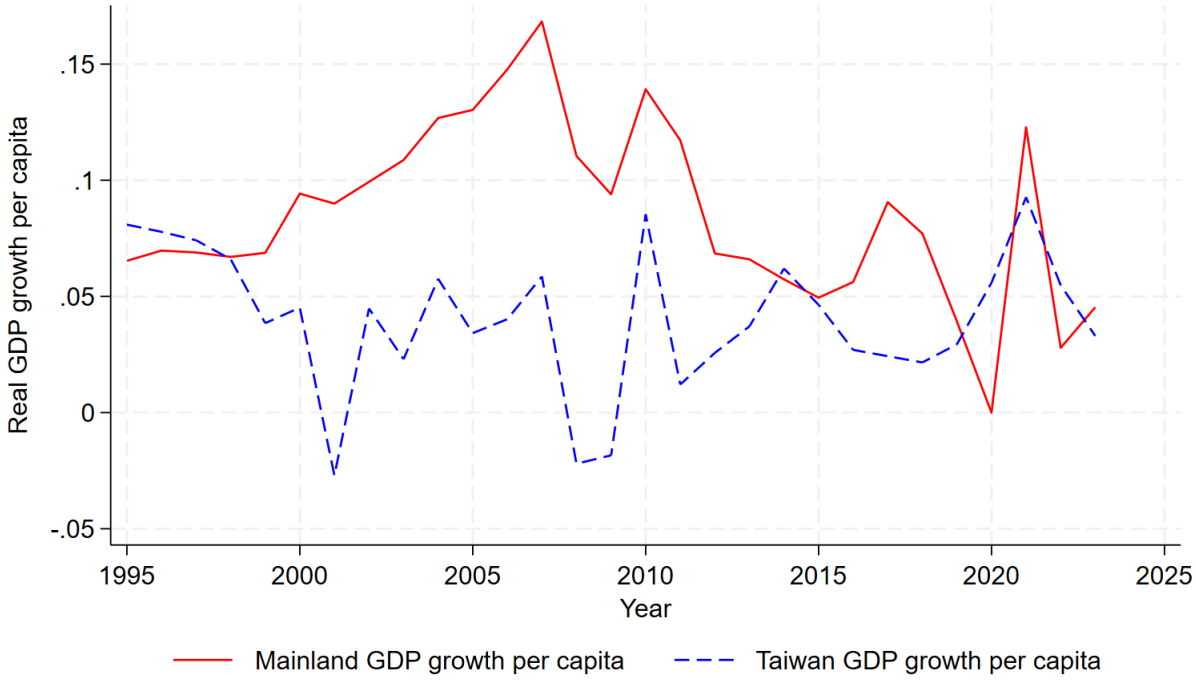
Note: The map shows the location of Taiwan. Taiwan is in the east of Mainland China, the southwest of Japan, and the north of Philippine. The closest distance between Taiwan island and Mainland China is 126 km. The map is generated by Sora powered by OpenAI.

Figure 2: The Administrative Division in Taiwan



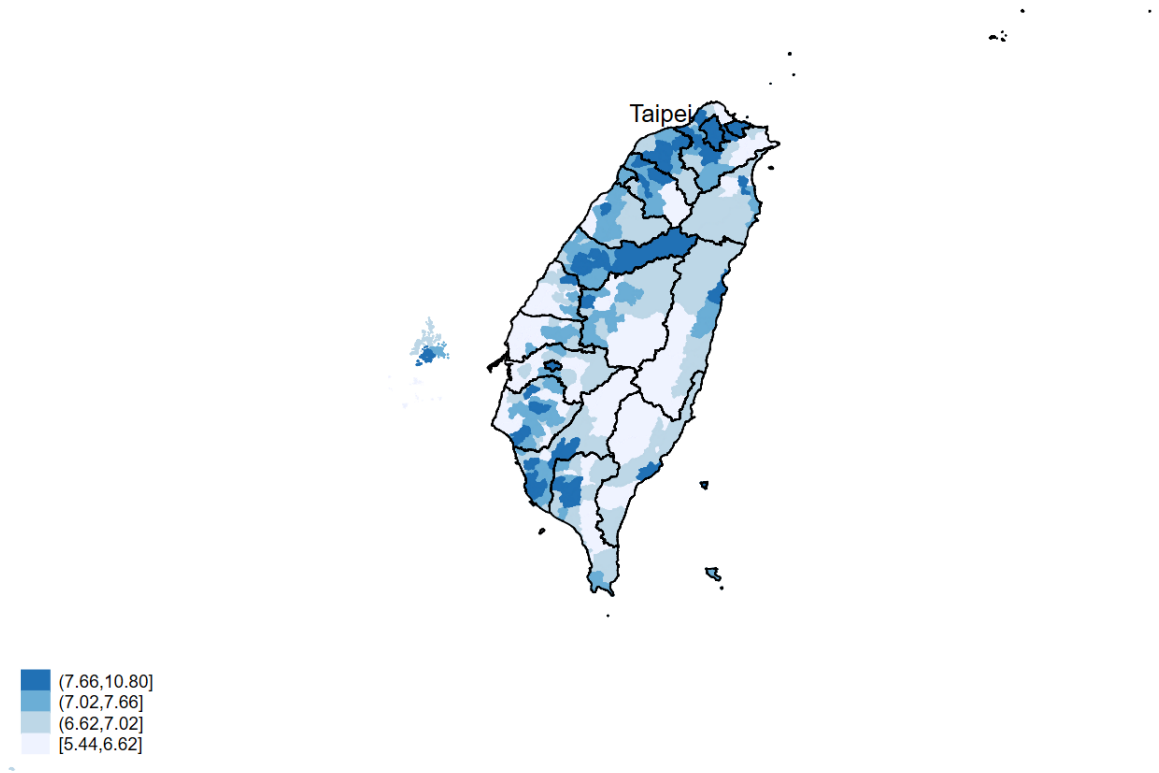
Note: The map shows the administrative division of Taiwan. The area with black boundary is a county. The area with grey boundary is a town. Towns are within county. The capital of Taiwan, Taipei, is in the north part of Taiwan island.

Figure 3: The GDP Growth per capita of Mainland China and Taiwan



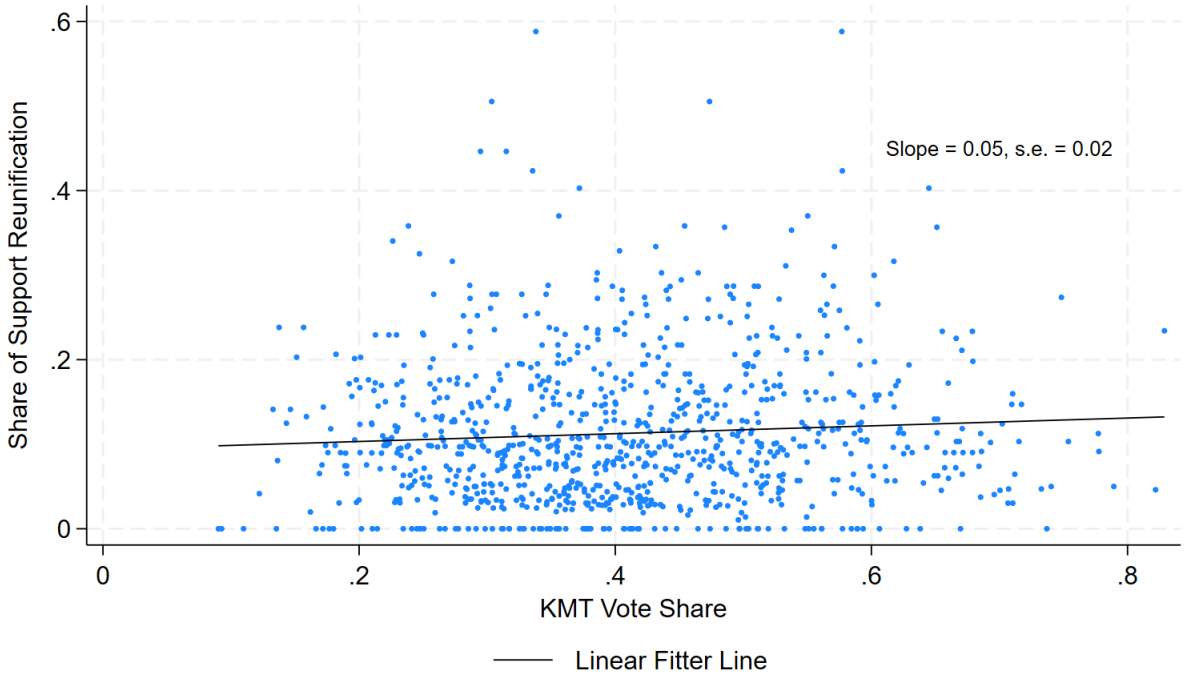
Note: The figure shows the real GDP growth per capita of Mainland China and Taiwan, from 1995 to 2023.

Figure 4: The Average Years of Schooling in 1990



Note: The map shows the town-level average years of schooling in 1990. The data is generated by the full sample of 1990 Census. The black line is county boundary.

Figure 5: The Correlation of Share of Support Reunification and KMT Vote Share



Note: The figure shows the correlation between Share of Support Reunification and KMT Vote Share. The Share of Support Reunification is aggregated from individual and year level to the town and year level in TSCS. The KMT Vote Share is the election outcome of nearest election (current or future). The correlation is positive and significant at the 5% level.

Figure 6: The Heterogeneous Effects of Growth x Edu by Cohorts

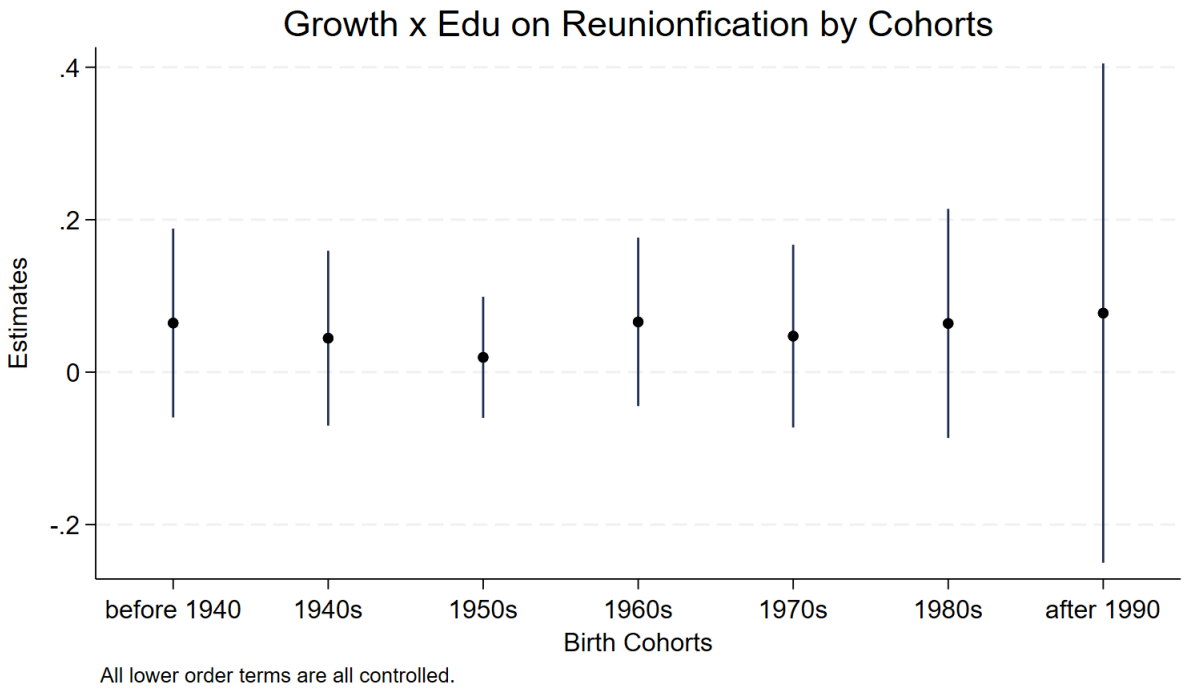


Table 1: Correlations and Descriptive Statistics

	Dependent Variable: Years of Education Attainment					
		Mean	Std. Dev.	Coef.	Std. Err.	Obs
(1)	Male	0.50	0.50	1.376	(0.067)	22096
(2)	Birthyear	1962.50	17.26	0.174	(0.003)	22096
(3)	Age	45.79	16.94	-0.165	(0.003)	22096
(4)	Married	0.74	0.44	-3.910	(0.104)	22096
(5)	Income	9.87	5.11	0.205	(0.008)	20406
(6)	Migrant	0.11	0.31	1.131	(0.116)	22096
(7)	Urban	0.68	0.47	0.378	(0.001)	22096

Notes: Each row is one regression. Observations are on the individual and year level. Each regression controls for township fixed effects. Standard errors are all clustered in the town level.

Table 2: The Effects of Mainland China Growth on Support Reunification

	Depedent Variables											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Support Reunification			Support Status Quo			Support Independence			Others (undecided or missing)		
	All	Locals	Migrants	All	Locals	Migrants	All	Locals	Migrants	All	Locals	Migrants
Dep. Variable Mean	0.122	0.109	0.260	0.541	0.529	0.555	0.235	0.253	0.105	0.103	0.109	0.080
	A. Years of Education Attainment											
Growth X Edu	0.067	0.064	0.011	0.044	0.033	0.236	-0.070	-0.067	-0.066	-0.040	-0.031	-0.181
	(0.018)	(0.017)	(0.088)	(0.037)	(0.038)	(0.118)	(0.032)	(0.033)	(0.070)	(0.026)	(0.028)	(0.085)
Growth	-0.848	-0.816	-0.593	-0.818	-0.705	-2.806	0.441	0.412	0.356	1.225	1.109	3.043
	(0.291)	(0.274)	(1.207)	(0.587)	(0.617)	(1.656)	(0.440)	(0.473)	(0.819)	(0.462)	(0.482)	(1.278)
Edu	0.002	0.000	0.000	-0.002	-0.002	-0.015	0.006	0.008	0.004	-0.006	-0.007	0.011
	(0.002)	(0.002)	(0.007)	(0.003)	(0.003)	(0.010)	(0.003)	(0.003)	(0.006)	(0.002)	(0.002)	(0.007)
Obs.	22095	19617	2438	22095	19617	2438	22095	19617	2438	22095	19617	2438
Adj. R-sq.	0.031	0.027	0.060	0.025	0.026	0.015	0.034	0.036	0.048	0.080	0.084	0.056
	B. Middle and Higher Education (Education Terciles)											
Growth	0.381	0.339	0.555	0.318	0.415	-0.644	-0.407	-0.459	1.446	-0.292	-0.295	-1.356
x Middle Edu	(0.185)	(0.183)	(1.307)	(0.421)	(0.429)	(2.040)	(0.319)	(0.331)	(1.165)	(0.320)	(0.329)	(1.245)
Growth	0.662	0.630	0.097	0.381	0.271	1.103	-0.718	-0.683	0.802	-0.325	-0.218	-2.002
x Higher Edu	(0.221)	(0.211)	(1.155)	(0.470)	(0.485)	(1.839)	(0.396)	(0.412)	(1.048)	(0.304)	(0.315)	(1.223)
Growth	-0.508	-0.472	-0.696	-0.580	-0.586	-0.136	0.092	0.113	-1.423	0.996	0.945	2.255
	(0.251)	(0.234)	(1.181)	(0.518)	(0.546)	(1.773)	(0.370)	(0.394)	(1.003)	(0.407)	(0.425)	(1.227)
Middle Edu	0.032	0.018	-0.033	-0.004	-0.023	0.165	0.018	0.045	-0.184	-0.046	-0.040	0.052
	(0.016)	(0.016)	(0.105)	(0.035)	(0.036)	(0.167)	(0.027)	(0.028)	(0.114)	(0.027)	(0.028)	(0.101)
Higher Edu	0.035	0.011	0.024	-0.038	-0.042	-0.008	0.054	0.085	-0.121	-0.051	-0.053	0.105
	(0.019)	(0.019)	(0.094)	(0.040)	(0.041)	(0.155)	(0.032)	(0.033)	(0.105)	(0.026)	(0.027)	(0.100)
Obs.	22095	19617	2438	22095	19617	2438	22095	19617	2438	22095	19617	2438
adj. R-sq	0.032	0.026	0.059	0.026	0.026	0.016	0.034	0.036	0.050	0.076	0.079	0.054

Notes: We use Taiwan Social Change Survey (1995-2022) in the analysis. Observations are on the individual and year level. Middle Edu or Higher Edu refers to individuals who have at least middle school or college education attainment. All regressions include town fixed effects, linear and quadratic year trends, and individual controls (age, age squared, sex, marriage). Standard errors are clustered at the town level.

Table 3: The Effect of Others' Growth

	Dependent Variables			
	Reunifcation	Status Quo	Independence	Others
	(1)	(2)	(3)	(4)
Growth X Edu	0.077	0.038	-0.067	-0.047
	(0.018)	(0.037)	(0.031)	(0.027)
Growth	-1.177	-0.850	0.266	1.761
	(0.284)	(0.601)	(0.415)	(0.479)
Taiwan Growth x Edu	-0.058	0.229	-0.205	0.034
	(0.037)	(0.059)	(0.045)	(0.050)
Taiwan Growth	0.202	-4.551	3.079	1.270
	(0.508)	(1.117)	(0.820)	(0.734)
U.S. Growth X Edu	0.022	0.031	-0.025	-0.028
	(0.070)	(0.127)	(0.083)	(0.103)
U.S. Growth	-2.527	1.370	-2.552	3.709
	(0.801)	(1.760)	(1.124)	(1.427)
Japan Growth X Edu	0.128	-0.432	0.357	-0.053
	(0.036)	(0.075)	(0.053)	(0.063)
Japan Growth	1.241	4.501	-2.494	-3.248
	(0.639)	(1.304)	(0.840)	(0.940)
Education	0.002	-0.009	0.012	-0.006
	(0.002)	(0.004)	(0.003)	(0.003)
Obs.	22095	22095	22095	22095
Adj. R-sq.	0.036	0.032	0.040	0.086

Notes: We use Taiwan Social Change Survey (1995-2022) in the analysis. Observations are on the individual and year level. The dependent variables are all shown in the previous Tables. All regressions include town fixed effects, linear and quadratic year trends, and individual controls (age, age squared, sex, marriage). Standard errors are clustered at the town level.

Table 4: Alternative Specifications: Support Reunification

	Dependent Variable: Support Reunification											
	Baseline	Control for Year FE	Control Growth x: sex, marital status	Control Growth x Migrant, Migrant	Control Growth x Income, Income	Control Growth x Urban Area	Control Growth x Distance to Mainland	Control DPP in Power x Edu	Control log Mainland GDP x Edu	Control log Mainland GDP per capita x Edu	Cluster s.e. at county level (bootstraps)	Conley s.e (cutoff = 25 km)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Growth X Edu	0.067	0.078	0.057	0.060	0.067	0.066	0.065	0.070	0.063	0.062	0.067	0.067
	(0.018)	(0.017)	(0.020)	(0.017)	(0.019)	(0.019)	(0.018)	(0.018)	(0.020)	(0.020)	(0.013)	(0.015)
Growth	-0.848	/	-0.519	-0.877	-1.338	-0.839	0.333	-0.908	-0.896	-0.901	-0.848	-0.848
	(0.291)	/	(0.377)	(0.284)	(0.321)	(0.439)	(0.594)	(0.286)	(0.294)	(0.295)	(0.232)	(0.234)
Edu	0.002	0.001	0.002	0.000	0.001	0.002	0.002	0.001	0.005	0.005	0.002	0.002
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.009)	(0.008)	(0.001)	(0.001)
Obs.	22095	22095	22095	22095	20406	22095	22095	22095	22095	22095	22095	22095
Adj. R-sq.	0.031	0.051	0.031	0.046	0.035	0.031	0.032	0.032	0.033	0.033	0.031	0.031

Notes: We use Taiwan Social Change Survey (1995-2022) in the analysis. Observations are on the individual and year level. All regressions include town fixed effects, linear and quadratic year trends, and individual controls (age, age squared, sex, marriage). The respective lower order terms are controlled in each specification. Standard errors are clustered at the town level in columns (1)-(10). Growth in column (2) is absorbed by year fixed effects.

Table 5: The Effect of China Growth on Voting

	Dependent Variables								
	KMT Vote Share			DPP Vote Share			Others Vote Share		
	(1) All	(2) President	(3) Legislative	(4) All	(5) President	(6) Legislative	(7) All	(8) President	(9) Legislative
Dep. Variable Mean	**0.419**	**0.417**	**0.421**	**0.426**	**0.442**	**0.410**	**0.187**	**0.171**	**0.199**
	A. Years of Educational Attainment								
Growth	0.128	0.198	0.097	-0.070	-0.110	-0.028	-0.067	0.110	-0.217
X Average Edu, 1990	(0.034)	(0.033)	(0.055)	(0.030)	(0.020)	(0.057)	(0.091)	(0.017)	(0.150)
Growth	-2.497	-5.165	0.433	-1.630	1.706	-6.069	10.252	3.509	16.790
	(4.495)	(3.201)	(8.213)	(2.670)	(1.597)	(5.345)	(9.571)	(1.807)	(13.961)
Obs.	5980	2866	3114	6014	2866	3148	5147	2150	2997
Adj. R-sq.	0.369	0.513	0.307	0.708	0.879	0.656	0.210	0.412	0.188
	B. High School Education								
Growth	1.110	1.825	0.823	-0.665	-1.021	-0.259	-0.380	1.053	-1.641
X High School Education Share, 1990	(0.336)	(0.341)	(0.532)	(0.299)	(0.204)	(0.558)	(0.926)	(0.168)	(1.551)
Growth	-1.733	-3.655	0.959	-2.228	0.841	-6.288	10.608	4.437	16.357
	(4.700)	(3.334)	(8.430)	(2.808)	(1.729)	(5.620)	(9.928)	(1.839)	(14.796)
Obs.	5980	2866	3114	6014	2866	3148	5147	2150	2997
Adj. R-sq.	0.369	0.513	0.307	0.708	0.879	0.656	0.210	0.412	0.188

Notes: We use use election dataset (1995-2024) provided by Central Election Comission of Taiwan in the analysis. Observations are on the town-year-election level. High school education refers to people who have at least high school education attainment. All regressions include town fixed effects, linear and quadratic year trends, mainland growth interacts with town controls in 1990 (average age, average age squared, female share , marriage share, and urban dummy), and the uninteracted term of town controls. Estimates are all weighted by the number of eligible voters in town and year level. Standard errors are clustered at the town level.

Table 6: The Effect of China Growth on Income

	log (1 + Real Individual Income)					
	(1)	(2)	(3)	(4)	(5)	(6)
	All	Locals	Migrants	All	Locals	Migrants
Dep. Variable Mean	**9.87**	**9.82**	**10.32**	**9.87**	**9.82**	**10.32**
Growth X Edu	3.007	2.910	4.287	3.189	3.072	4.866
	(0.350)	(0.366)	(1.023)	(0.350)	(0.365)	(1.081)
Growth	-53.118	-51.395	-73.058	-54.221	-52.223	-80.873
	(5.945)	(6.149)	(17.360)	(6.020)	(6.208)	(18.131)
Taiwan Growth X Edu				1.080	0.928	3.165
				(0.438)	(0.467)	(1.098)
Taiwan Growth				0.397	0.707	-17.772
				(6.701)	(6.845)	(17.774)
Edu	-0.087	-0.083	-0.229	-0.133	-0.123	-0.387
	(0.030)	(0.031)	(0.093)	(0.037)	(0.038)	(0.120)
Obs.	20406	18163	2199	20406	18163	2199
Adj. R-sq.	0.127	0.132	0.091	0.129	0.134	0.102

Notes: We use Taiwan Social Change Survey (1995-2022) in the analysis. Observations are on the individual and year level. There are fewer observations as the 1998 survey did not ask questions about income. All regressions include town fixed effects, linear and quadratic year trends, and individual controls (age, age squared, sex, marriage). Standard errors are clustered at the town level.

Table 7: The Effect of China Growth on Visiting or Staying in Mainland and Primary Issues

	Dependent Variables								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	A. Visited or Stayed on Mainland			B. Primary Issues					
				Primary Issue: Economy			Primary Issue: Geopolitics		
	All	Locals	Migrants	All	Locals	Migrants	All	Locals	Migrants
Dep. Variable Mean	**0.264**	**0.249**	**0.391**	**0.344**	**0.344**	**0.344**	**0.123**	**0.116**	**0.173**
Growth X Edu	0.144	0.132	0.213	0.099	0.108	0.027	-0.043	-0.039	0.016
	(0.032)	(0.033)	(0.130)	(0.022)	(0.024)	(0.061)	(0.017)	(0.017)	(0.067)
Growth	-0.373	-0.210	-1.379	-1.304	-1.348	-0.996	0.649	0.619	-0.274
	(0.451)	(0.459)	(1.798)	(0.296)	(0.314)	(0.857)	(0.205)	(0.209)	(0.944)
Edu	0.009	0.010	-0.008	-0.006	-0.007	-0.002	0.014	0.013	0.007
	(0.004)	(0.004)	(0.014)	(0.002)	(0.002)	(0.008)	(0.002)	(0.002)	(0.007)
Obs.	18361	16274	2067	39529	34551	4933	39529	34551	4933
Adj. R-sq.	0.087	0.084	0.086	0.063	0.066	0.056	0.039	0.035	0.077

Notes: We use Taiwan's Election and Democratization Study (2001-2020) in the analysis. Observations are on the individual and year level. Growth in the columns (1) - (3) is the three-year moving average of growth as the depedent variable is within last three years activity. All regressions include town fixed effects, linear and quadratic year trends, and individual controls (age, age squared, sex, marriage). Standard errors are clustered at the town level. The "Primary Issue: Economy" in columns (4)-(6) are the issues with words: "Economy", "Finance", "Investment", "Industry", and "Entreprenuer". The "Primary Issue: Geopolitics" in columns (7)-(9) are the issues with words: "Chinese Communist Party", "Mainland", "Cross-Strait", "Reunionfication", "Independence", "Military Denfense", "Sovereignty", and "United Nation".

Table 8: Heterogeneous Effects: Cohort Differences

	Depedent Variables											
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
	Support Reunification			Support Status Quo			Support Independence			Others (undecided or missing)		
	All	Locals	Migrants	All	Locals	Migrants	All	Locals	Migrants	All	Locals	Migrants
Dep. Variable Mean	0.122	0.109	0.260	0.541	0.529	0.555	0.235	0.253	0.105	0.103	0.109	0.080
Growth X Edu	0.057	0.046	0.021	0.014	0.007	0.205	-0.034	-0.032	-0.021	-0.037	-0.021	-0.205
	(0.023)	(0.022)	(0.091)	(0.040)	(0.041)	(0.124)	(0.032)	(0.033)	(0.074)	(0.029)	(0.031)	(0.093)
Growth X Edu X	-0.016	-0.012	0.213	0.054	0.046	-0.280	-0.072	-0.044	-0.335	0.034	0.010	0.402
Post 1980 Cohort	(0.070)	(0.073)	(0.376)	(0.140)	(0.143)	(0.492)	(0.121)	(0.127)	(0.426)	(0.065)	(0.068)	(0.198)
Growth	-0.727	-0.651	-0.484	-0.539	-0.436	-2.748	0.069	0.044	-0.048	1.197	1.043	3.281
	(0.295)	(0.282)	(1.221)	(0.595)	(0.625)	(1.688)	(0.443)	(0.478)	(0.848)	(0.477)	(0.497)	(1.362)
Edu	0.003	0.002	0.000	-0.000	-0.001	-0.013	0.004	0.007	-0.000	-0.007	-0.008	0.012
	(0.002)	(0.002)	(0.007)	(0.004)	(0.004)	(0.010)	(0.003)	(0.003)	(0.007)	(0.003)	(0.003)	(0.008)
Obs.	22095	19617	2438	22095	19617	2438	22095	19617	2438	22095	19617	2438
Adj. R-sq.	0.033	0.029	0.060	0.028	0.028	0.016	0.041	0.042	0.055	0.081	0.084	0.056

Notes: We use Taiwan Social Change Survey (1995-2022) in the analysis. Observations are on the individual and year level. All regressions include town fixed effects, linear and quadratic year trends, and individual controls (age, age squared, sex, marriage). Standard errors are clustered at the town level.

Table 9: The Effect of Chinese Growth on National Identity

	Dependent Variables								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	A. Chinese			B. Exclusively Taiwanese			C. Others		
	All	Locals	Migrants	All	Locals	Migrants	All	Locals	Migrants
Dep. Variable Mean	**0.380**	**0.340**	**0.715**	**0.591**	**0.631**	**0.253**	**0.029**	**0.029**	**0.032**
Growth X Edu	0.070	0.069	0.133	-0.066	-0.066	-0.133	-0.003	-0.003	-0.000
	(0.029)	(0.031)	(0.102)	(0.030)	(0.032)	(0.098)	(0.014)	(0.014)	(0.085)
Growth	0.018	0.014	0.003	-0.017	-0.013	-0.001	-0.001	-0.001	-0.002
	(0.003)	(0.003)	(0.011)	(0.003)	(0.003)	(0.010)	(0.001)	(0.001)	(0.008)
Edu	0.607	0.646	-0.861	-0.984	-1.059	0.882	0.377	0.413	-0.021
	(0.471)	(0.509)	(1.564)	(0.471)	(0.508)	(1.528)	(0.189)	(0.186)	(1.144)
Obs.	20241	17980	2226	20241	17980	2226	20241	17980	2226
Adj. R-sq.	0.126	0.111	0.115	0.125	0.111	0.128	0.022	0.025	0.001

Notes: We use Taiwan Social Change Survey (1995-2022) in the analysis. Observations are on the individual and year level. "Chinese" in columns (1)-(3) equals to one if individuals identify themself as "Exclusively Chinese" or "Both Chinese and Taiwanese". All regressions include town fixed effects, linear and quadratic year trends, and individual controls (age, age squared, sex, marriage). Standard errors are clustered at the town level.

APPENDIX

Figure A.1: Trends of Self-identity

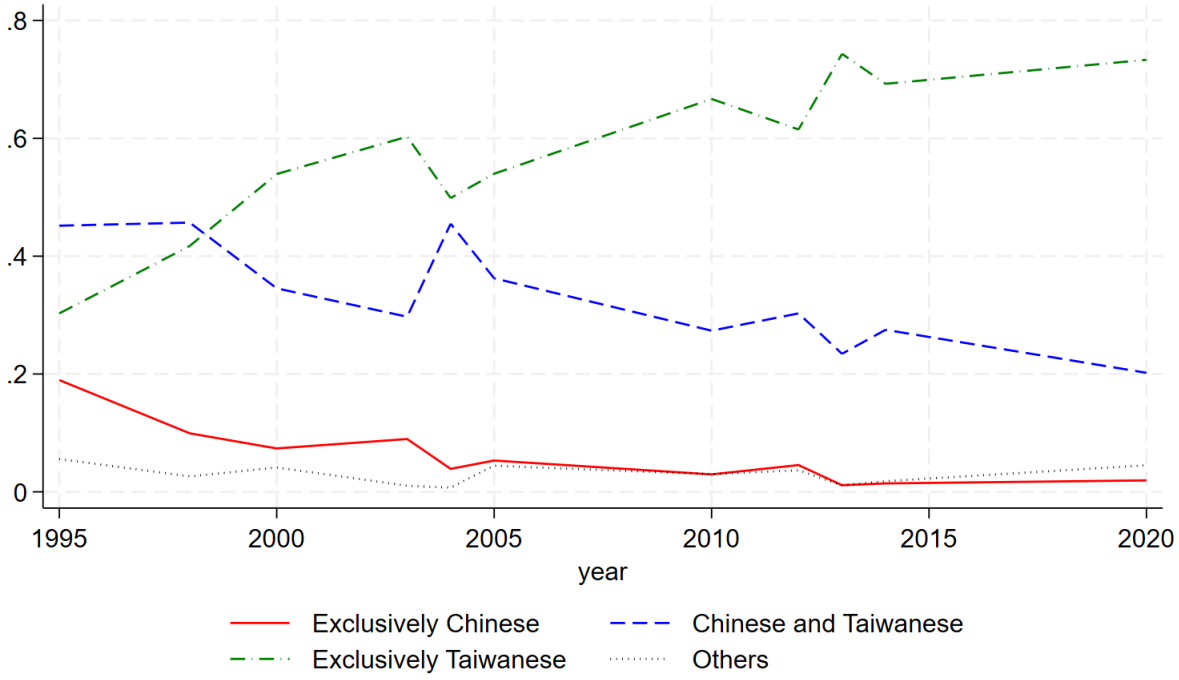


Table A.1: Alternative Specifications: Support Status Quo, Independence, and Others

	Baseline (1)	Control for year FE (2)	Control Growth x: sex, marital status (3)	Control Growth x Migrant, Migrant (4)	Control Growth x Income, Income (5)	Control Growth x Urban Area (6)	Control Growth x Distance to Mainland (7)	Control DPP in Power x Edu (8)	Control log Mainland GDP x Edu (9)	Control log Mainland GDP per capita x Edu (10)	Cluster s.e. at county level (bootstraps) (11)	Conley s.e (cutoff = 25 km) (12)
	A. Dependent Variable: Support Status Quo											
Growth X Edu	0.044	0.027	0.032	0.045	0.062	0.046	0.045	0.049	-0.009	-0.009	0.044	0.044
	(0.037)	(0.037)	(0.039)	(0.037)	(0.038)	(0.036)	(0.037)	(0.038)	(0.040)	(0.040)	(0.039)	(0.019)
Growth	-0.818	/	-0.473	-0.813	0.123	-0.971	-1.748	-0.870	-0.133	-0.125	-0.818	-0.818
	(0.587)	/	(0.694)	(0.589)	(0.654)	(0.704)	(0.995)	(0.609)	(0.629)	(0.628)	(0.673)	(0.581)
Edu	-0.002	-0.002	-0.001	-0.003	-0.005	-0.002	-0.002	-0.003	0.058	0.048	-0.002	-0.002
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.004)	(0.017)	(0.015)	(0.004)	(0.002)
Obs.	22095	22095	22095	22095	20406	22095	22095	22095	22095	22095	22095	22095
Adj. R-sq.	0.025	0.054	0.025	0.026	0.031	0.026	0.026	0.026	0.027	0.027	0.025	0.025
	B. Dependent Variable: Support Independence											
Growth X Edu	-0.070	-0.059	-0.057	-0.067	-0.079	-0.068	-0.069	-0.084	-0.013	-0.012	-0.070	-0.070
	(0.032)	(0.031)	(0.033)	(0.032)	(0.034)	(0.032)	(0.032)	(0.032)	(0.034)	(0.034)	(0.031)	(0.010)
Growth	0.441	/	0.048	0.454	0.503	0.839	-0.225	0.626	-0.227	-0.235	0.441	0.441
	(0.440)	/	(0.528)	(0.437)	(0.484)	(0.515)	(0.790)	(0.443)	(0.476)	(0.476)	(0.432)	(0.309)
Edu	0.006	0.006	0.005	0.008	0.007	0.006	0.006	0.009	-0.059	-0.049	0.006	0.006
	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.003)	(0.013)	(0.011)	(0.003)	(0.002)
Obs.	22095	22095	22095	22095	20406	22095	22095	22095	22095	22095	22095	22095
Adj. R-sq.	0.034	0.050	0.035	0.044	0.036	0.035	0.034	0.035	0.036	0.036	0.034	0.034
	C. Dependent Variable: Support Others (undecided or missing)											
Growth X Edu	-0.040	-0.047	-0.033	-0.038	-0.050	-0.044	-0.041	-0.035	-0.041	-0.042	-0.040	-0.040
	(0.026)	(0.026)	(0.027)	(0.026)	(0.027)	(0.027)	(0.027)	(0.026)	(0.031)	(0.031)	(0.026)	(0.024)
Growth	1.225	/	0.944	1.236	0.712	0.971	1.639	1.152	1.256	1.261	1.225	1.225
	(0.462)	/	(0.492)	(0.462)	(0.505)	(0.642)	(0.911)	(0.462)	(0.503)	(0.504)	(0.485)	(0.500)
Edu	-0.006	-0.005	-0.006	-0.006	-0.004	-0.005	-0.006	-0.007	-0.004	-0.004	-0.006	-0.006
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)	(0.016)	(0.014)	(0.002)	(0.003)
Obs.	22095	22095	22095	22095	20406	22095	22095	22095	22095	22095	22095	22095
Adj. R-sq.	0.080	0.090	0.080	0.081	0.090	0.080	0.080	0.081	0.080	0.080	0.080	0.080

Notes: We use Taiwan Social Change Survey (1995-2022) in the analysis. Observations are on the individual and year level. All regressions include town fixed effects, linear and quadratic year trends, and individual controls (age, age squared, sex, marriage). The respective lower order terms are controlled in each specification. Standard errors are clustered at the town level in columns (1)-(10). Growth in column (2) is absorbed by year fixed effects.

Table A.2: Correlates of Support Reunification and Votes

	Dependent Variables:					
	(1)	(2)	(3)	(4)	(5)	(6)
	Share of Support Reunification		Share of Support Status Quo		Share of Support Independence	
KMT Vote Share	0.097		0.217		-0.254	
	(0.038)		(0.065)		(0.046)	
DPP Vote Share		-0.155		-0.203		0.305
		(0.043)		(0.057)		(0.036)
N	955	932	955	932	955	932
adj. R-sq	0.263	0.257	0.117	0.106	0.158	0.176

Notes: We aggregate the Support Reunification (Status Quo, and Independence) to town and year level, and match them with voting outcomes of current or last election. All regressions include year fixed effects. Standard errors are clustered at the town level.

Table A.3: The Heterogeneous Effects of Growth x Edu by Cohorts

	Dependent Variable: Support Reunification
	(1)
Growth x Edu x i.Cohort	
Before 1940	0.064
	(0.063)
1940s	0.045
	(0.058)
1950s	0.019
	(0.040)
1960s	0.066
	(0.056)
1970s	0.047
	(0.061)
1980s	0.064
	(0.076)
After 1990	0.077
	(0.166)
N	22095
adj. R-sq	0.035

Notes: We use Taiwan Social Change Survey (1995-2022) in the analysis. Observations are on the individual and year level. All regressions include town fixed effects, linear and quadratic year trends, and individual controls (age, age squared, sex, marriage). Standard errors are clustered at the town level.